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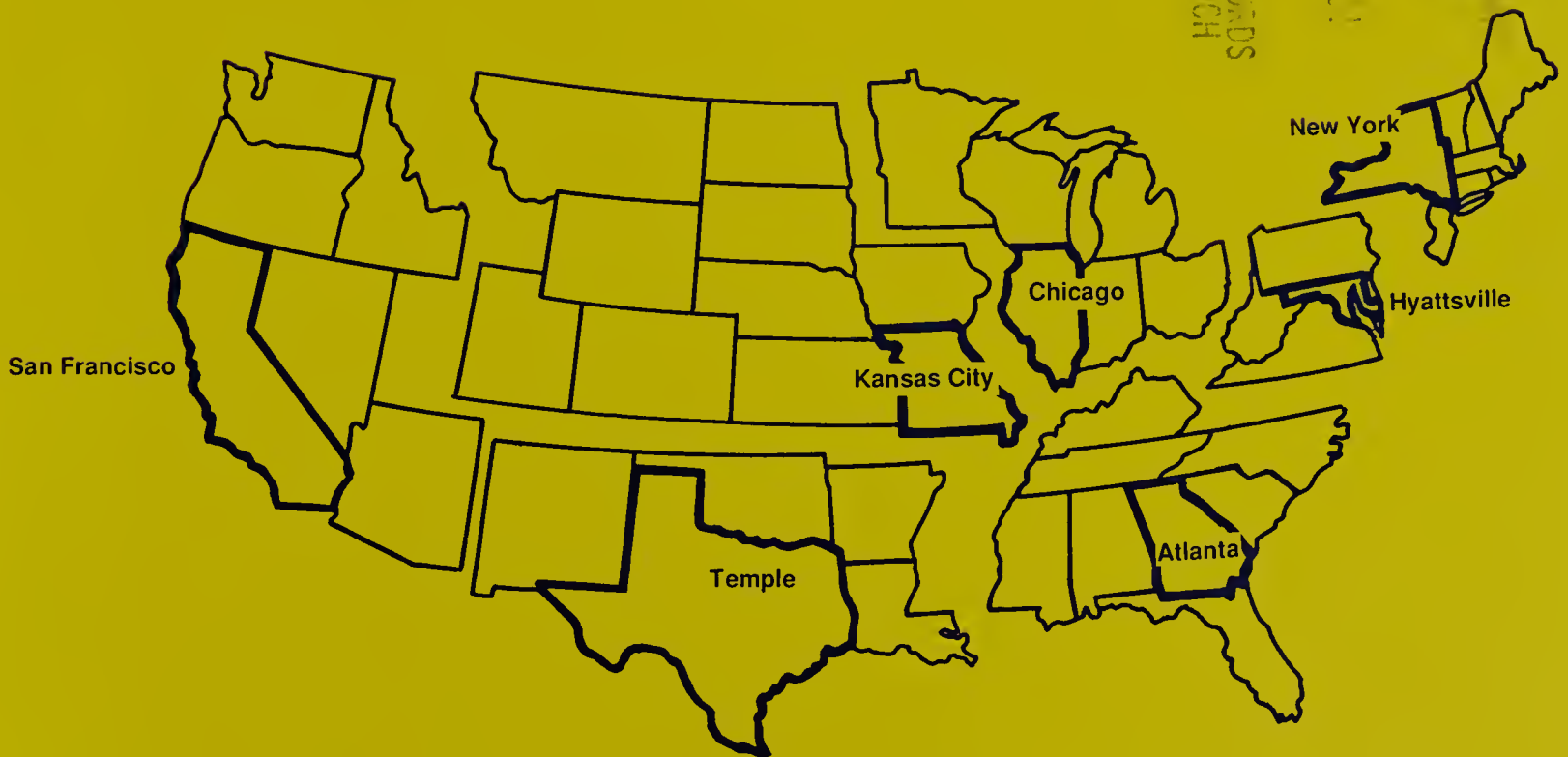
Agriculture

Office of
Inspector
General

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Office of Inspector General FY 1991 Annual Plan

October 1, 1990 - September 30, 1991



OFFICE OF INSPECTOR GENERAL

FY 1991 ANNUAL PLAN

October 1, 1990 - September 30, 1991

FOREWORD


The Office of Inspector General (OIG), U. S. Department of Agriculture (USDA), is responsible for conducting and supervising audits and investigations of the Department's programs and operations. These audits and investigations have produced some very significant results. In Fiscal Year (FY) 1990 our audit efforts identified about \$32.8 million in recoveries and collections, and \$420.1 million in management commitments to put funds to better use. Our investigative efforts resulted in 839 indictments, 671 convictions, and about \$38.8 million in fines, restitutions, and recoveries.

In developing our FY 1991 OIG Annual Plan, we have continued our strategic planning process to assess each program area and its susceptibility to fraud, waste and abuse. The Plan contains summaries on the audit and investigative work anticipated and how that work fits into the strategies we have developed to assure coverage of the Department's major programs and activities.

In FY 1991, we will direct our audit efforts toward audits relating to consumer protection, entitlement programs, large payments to farmers, export credit programs, guaranteed loan programs and financial management. We will also monitor implementation of the 1990 Farm Bill, and will conduct a financial statement audit of the Farmers Home Administration.

Our investigative priorities include the timely and thorough investigation of threats to the health and safety of the public; employee integrity issues; and fraud in the loan, regulatory and benefit programs.

We welcome your suggestions for areas to which the OIG might give attention in future audit and investigative activities.


LEON SNEAD
INSPECTOR GENERAL

CONTENTS

	Page
The OIG Mission	1
Overall Objective.....	1
Audit and Investigative Universe.....	2
Strategic Planning.....	2
USDA Organizational Chart	3
Distribution of OIG Resources	
By Under and Assistant Secretary	4
Investigations.....	5
Investigative Planning.....	5
The Investigative Process	6
Hotline.....	7
OIG Investigations Resources by	
Under and Assistant Secretaries.....	8
Distribution of Investigative	
Resources by Agency	9
Audit.....	11
Audit Planning.....	12
The Audit Process	13
OIG Audit Resources by	
Under and Assistant Secretaries	15
Distribution of Audit Resources by Agency	16

CONTENTS (continued)

Page

Appendix

I.	OIG Strategies.....	17
	Farm Programs.....	17
	Market Development.....	20
	Direct/Insured Loans	22
	Guaranteed Loans.....	24
	Rural Development.....	25
	Insurance	26
	Entitlement Programs	27
	Consumer Protection	29
	Forest Service	31
	Management/Control of Environmental Hazards	32
	Research and Technology Transfer	33
	Procurement/Contracts	34
	Accounting and Financial Management.....	35
	ADP Systems	36
	Employee Integrity.....	38
	Program Compliance, Economy, and Efficiency.....	39
II.	Major Audits Planned	41
III.	List of All Audits Planned	63

ACRONYMS

ADP	Automated Data Processing
AMS	Agricultural Marketing Service
APHIS	Animal and Plant Health Inspection Service
ASCS	Agricultural Stabilization and Conservation Service
B&I	Business and Industrial
CCC	Commodity Credit Corporation
FAS	Foreign Agricultural Service
FCIC	Federal Crop Insurance Corporation
FGIS	Federal Grain Inspection Service
FmHA	Farmers Home Administration
FNS	Food and Nutrition Service
FSIS	Food Safety and Inspection Service
FSP	Food Stamp Program
FY	Fiscal Year
NASS	National Agricultural Statistics Service
NFC	National Finance Center
OIG	Office of Inspector General
OFM	Office of Finance and Management
OMB	Office of Management and Budget
REA	Rural Electrification Administration
USDA	United States Department of Agriculture

THE OIG MISSION

The Office of Inspector General (OIG) was legislatively established in 1978 with the enactment of the Inspector General Act (Public Law 95-452). The Act gives the Inspector General responsibility for audits and investigations of the Department's programs and operations. Our role is to prevent and detect fraud, waste and abuse and to investigate allegations in these areas. We also are responsible for making suggestions and recommendations that will help the U.S. Department of Agriculture (USDA) agencies improve their management and operations. It also places upon us the responsibility to (1) review existing and proposed regulations and legislation and make appropriate recommendations, and (2) be involved in activities that promote economy, efficiency, and effectiveness or that prevent and detect fraud, waste, and abuse in programs and operations, both within USDA and in non-Federal entities that receive USDA assistance. The Act requires the Inspector General to report to the Secretary and Congress on OIG activities semiannually at March 31 and September 30 each year.

OIG is headquartered in Washington, D.C., and has regional offices located in San Francisco, California; Atlanta, Georgia; Chicago, Illinois; Hyattsville, Maryland; Kansas City, Missouri; New York, New York; and Temple, Texas. In addition, a Financial Management and ADP Audit Operations staff is located in Kansas City, Missouri.

OVERALL OBJECTIVE

Our overall objective is to prevent and detect fraud, waste and abuse in USDA programs. We accomplish this objective by:

- Investigating allegations of fraud, waste and abuse;
- Using preventive audit approaches such as review of systems under development and oversight approaches;
- Evaluating the adequacy and vulnerability of management and program control systems; and
- Evaluating the adequacy of payments to recipients of large USDA payments such as insurance and deficiency payments, major loans, and retailer redemptions.

We emphasize service to management at all levels of the Department by briefing senior Department officials on the results of major audits and investigations. As a member of the President's Council on Integrity and Efficiency, we also participate with other Inspectors General in multi-agency projects where interests are similar.

AUDIT AND INVESTIGATIVE UNIVERSE

USDA has an annual program level of approximately \$51 billion encompassing over 30 major agencies with more than 300 programs and 3 major computer centers. USDA programs are delivered in every State, county, and city in the nation by more than 100,000 Federal and thousands of non-Federal government employees. In addition, the Secretary of Agriculture has appointed agricultural attaches, counselors, and ministers to 72 U.S. embassies. USDA is involved with extensive market development activities, food quality and safety issues, food aid assistance programs, and a wide range of export promotion programs.

The audit and investigative universe is comprised of programs, functions, and organizations and the contractors/grantees for which USDA is responsible. We have developed profiles of the major USDA components and functional areas which include information on their operational environment, applicable laws, regulations and other instructions, Congressional interest, and a history of previous OIG work.

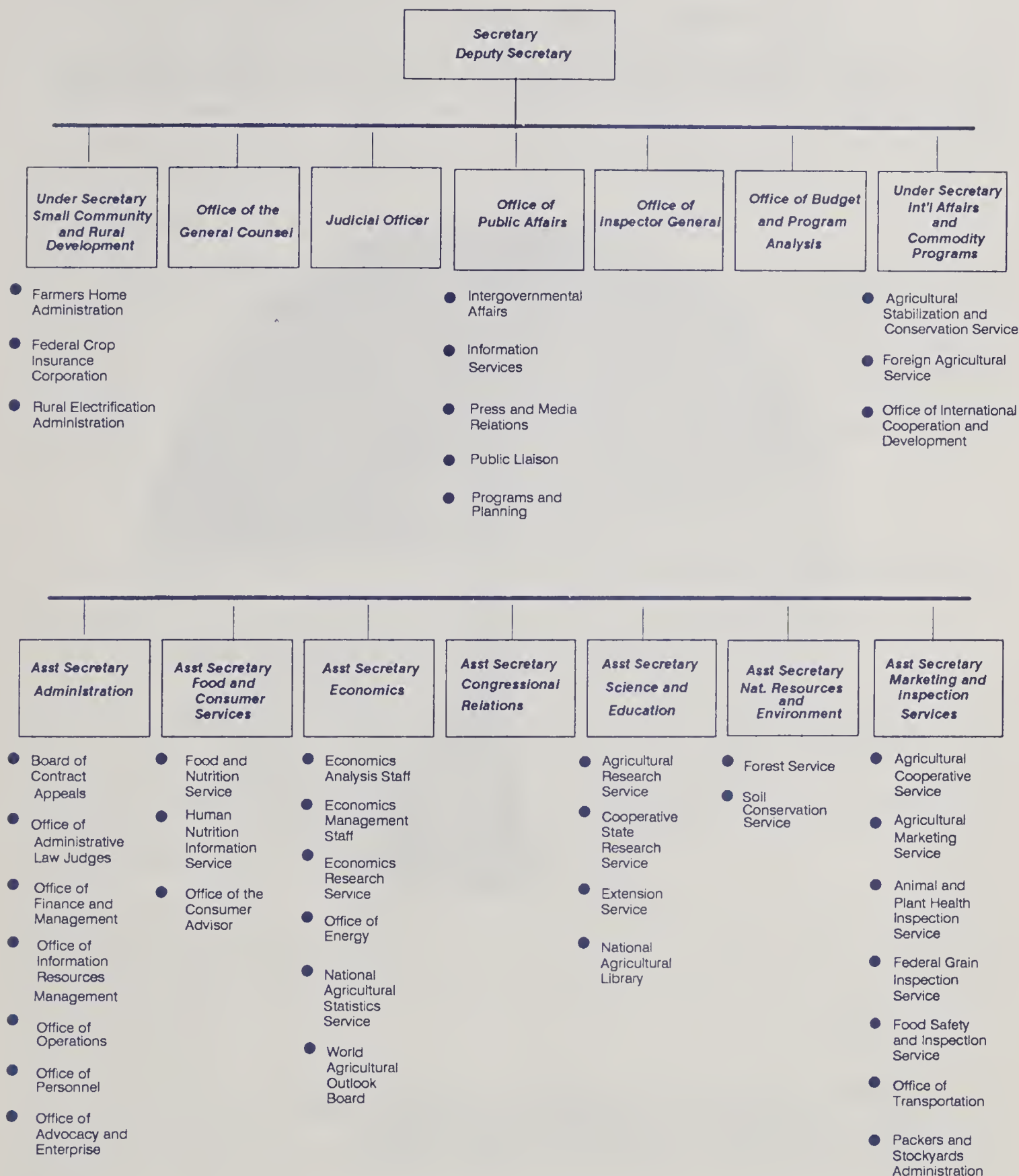
STRATEGIC PLANNING

USDA is responsible for numerous program areas which involve several Departmental agencies. In order to ensure that, over time, audit and investigative coverage of USDA programs and activities is provided, we have identified strategic areas which identify and consolidate those that most warrant our attention. The need for strategic areas emerged from our review and knowledge of vulnerable areas within the Department's programs and operations. Each year we reevaluate the strategic areas developed for the prior year and establish new priorities.

Descriptions of the strategies and examples of audit and investigative work within a strategy are provided in Appendix I. Appendices II and III include a description of the major audits planned and a list of all audits included in the Plan.

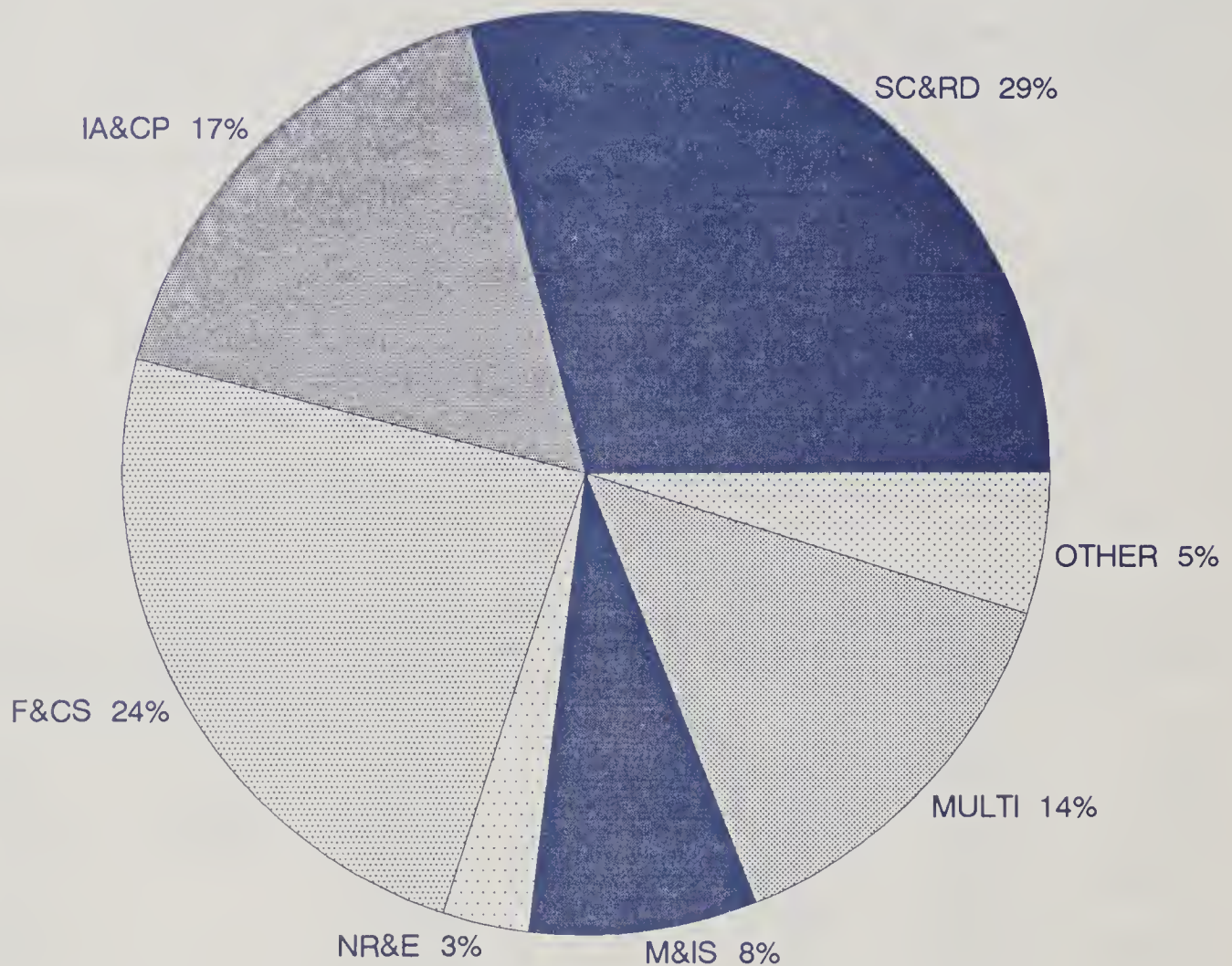
USDA ORGANIZATIONAL CHART

As of 10/90



FY 1991 ANNUAL PLAN

DISTRIBUTION OF OIG RESOURCES BY UNDER AND ASSISTANT SECRETARIES



LEGEND

SC&RD -- Under Secretary, Small Community and Rural Development
IA&CP -- Under Secretary, International Affairs and Commodity Programs
F&CS -- Assistant Secretary, Food and Consumer Services
NR&E -- Assistant Secretary, Natural Resources and Environment
M&IS -- Assistant Secretary, Marketing and Inspection Services

INVESTIGATIONS

Investigations are authorized inquiries by OIG Special Agents to gather the facts needed to resolve an allegation that someone has violated a Federal criminal law or administrative regulation pertaining to a USDA program.

OIG Special Agents are highly trained criminal investigators who specialize in the investigation of complex white collar crimes involving USDA programs. Each investigator receives initial training at the Federal Law Enforcement Training Center in Glynco, Georgia. Additional training in law enforcement procedures, investigative techniques, and USDA program regulations is provided throughout the career of the investigator.

INVESTIGATIVE PLANNING

The investigative planning process focuses on identifying program vulnerabilities and investigative priorities, then establishing general guidelines for the allocation of our investigative resources. It includes an analysis of historical patterns, trends, and results; a review of recent legislative, regulatory, and program changes; consideration of Department of Justice prosecutive guidelines; consideration of budgetary and staffing restrictions; and coordination with audit activities. Through the investigative planning process, we have identified priorities that include the timely and thorough investigation of:

- Threats to the health and safety of the public;
- Employee integrity issues involving allegations of bribery, conflict of interest, embezzlement, theft, or collusion with program participants; and
- Fraud in the loan, regulatory and benefit programs.

In preparing our plan for FY 1991, we analyzed data on requests for investigation received in previous years, the number of cases opened, and the results of those investigations. We reviewed recent legislative, regulatory, and program changes, and contacted each agency within USDA for suggestions and recommendations. We also reviewed audit plans for FY 1991 and considered our budget and anticipated staffing. Based on these considerations, we developed general guidelines for investigative emphasis.

These guidelines will be used during FY 1991 by our regional managers during their reviews of investigative referrals preparatory to making their case opening decisions. Additional criteria used to determine whether to initiate an investigation include the potential program impact; the likelihood of criminal prosecution; the likelihood of large civil recovery; and the deterrent value.

The majority of the investigations are based on referrals from USDA agencies. Departmental Regulation 1710-2 requires that USDA agencies expeditiously report known or suspected violations of law or regulations to OIG. Activities which must be reported to OIG include:

- Submission of false claims and false or fraudulent statements by employees, producers, vendors, contractors, borrowers, cooperators, and others;
- Conspiracy to defraud the United States;
- Theft, damage, or conversion of Government commodities or other property;
- Concealment, removal, obliteration, falsification, forgery, alteration, or destruction of official documents;
- Misappropriation or embezzlement of Government funds;
- Bribery or attempted bribery of USDA employees;
- Conflict of interest;
- Violations of the Food Stamp Act or other statutes pertaining to USDA nutritional programs; and
- Certain criminal violations of the Federal Meat Inspection Act, the Poultry Products Inspection Act, and other statutes pertaining to the wholesomeness and quality of food products.

THE INVESTIGATIVE PROCESS

The investigative process begins with the receipt of an allegation of fraud or abuse. Because a decision whether or not to initiate an investigation must be made within a few days of each referral, OIG cannot schedule specific investigations in its annual plan.

Investigations are initiated in accordance with priorities and general guidelines established at the headquarters level and in consideration of prosecutive guidelines established by the local United States Attorneys for the U.S. Department of Justice.

After an investigation is initiated, it is assigned to a Special Agent who prepares a plan of investigation. This planning process includes a review of the criminal and civil statutes, program regulations, and Departmental or agency policies that may be involved. The Special Agent then conducts the investigation, which may include one or more of the following techniques: interviewing witnesses, reviewing and analyzing records, obtaining physical evidence, and conducting surveillances and/or undercover operations. If the Special Agent determines that a crime may have been committed, he or she will discuss the investigation with a Federal and/or local prosecutor to determine if prosecution will be pursued. Upon completion of the investigation, the Special Agent prepares an investigative report summarizing the facts disclosed during the investigation.

The investigative report is distributed to prosecuting attorneys and to agency officials who may have an official interest in the results of the investigation. If the prosecuting attorney decides to proceed with a criminal or civil prosecution, the Special Agent assists the attorney in any preparation for court proceedings that may be required. This assistance may include

serving subpoenas, locating witnesses, executing arrest and/or search warrants, and testifying before a grand jury or at a trial.

After the conclusion of any court actions, we advise the administrative agency involved of the court results and monitor any corrective or disciplinary action that may be taken by the agency. OIG collects data summarizing the court and administrative results of its investigations and includes this data in its semiannual report to Congress.

HOTLINE

The OIG Hotline, mandated by the Inspector General Act of 1978, is a toll-free telephone number which anyone may call with knowledge of fraud, abuse or waste in a USDA program or of misconduct by a USDA employee. Callers may choose to remain anonymous or request confidentiality.

We have established two Hotline numbers for the use of the public and Departmental employees. These numbers are:

800-424-9121

This is a toll free number
to be used outside
Washington, D.C.

202-472-1388

This number is to be used
in the Washington, D.C.
metropolitan area

USDA employees who receive offers of bribes or gratuities may contact an OIG Special Agent by calling the direct line at 202-447-7257 or FTS 447-7257.

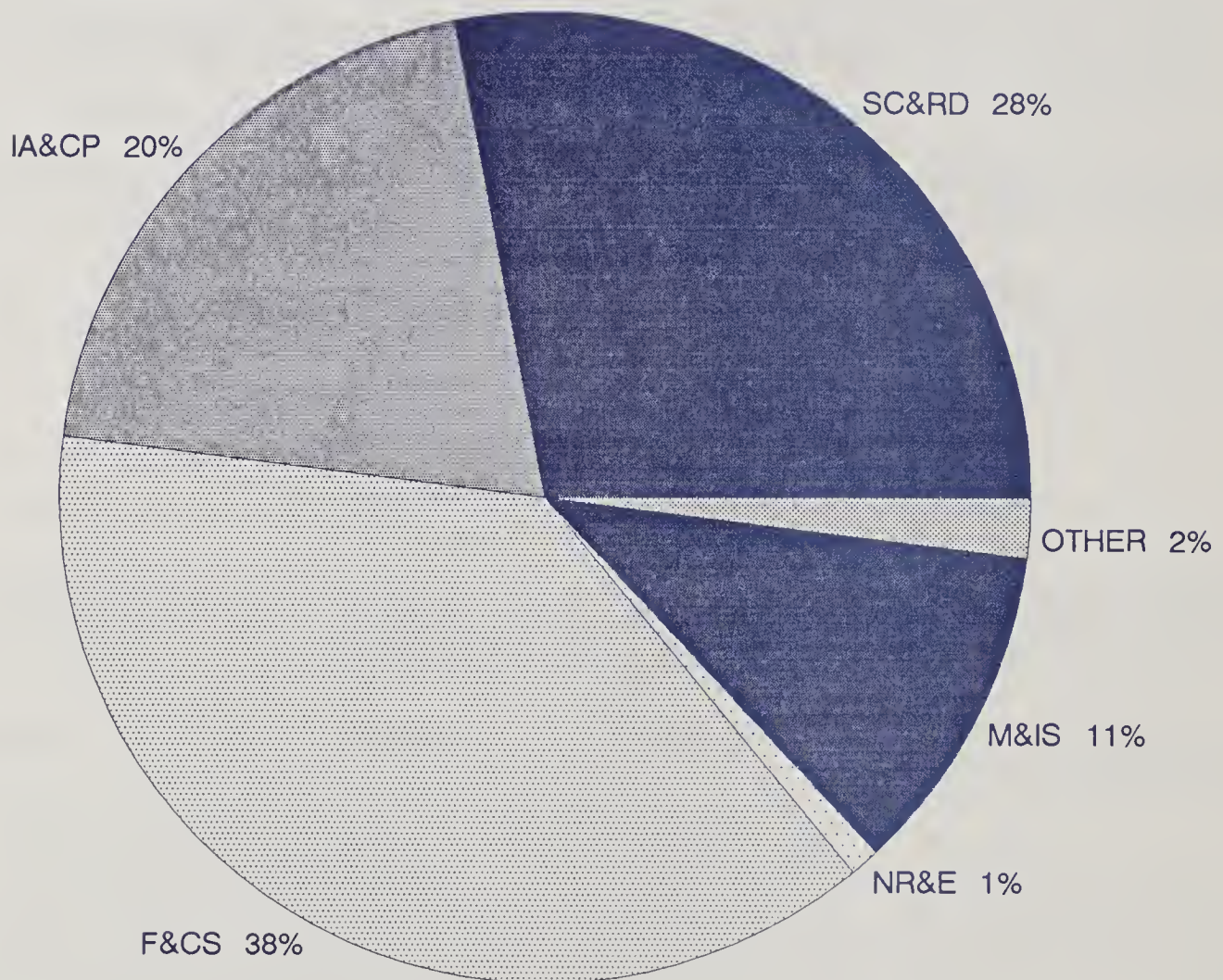
Complainants may also write to the Office of Inspector General at P.O. Box 23399, Washington, D.C. 20026.

The OIG Hotline staff is responsible for receiving, reviewing and analyzing complaints, and referring them for inquiry and appropriate action. Complaints are investigated or audited by OIG or are referred to the USDA agency responsible for the program or employee in question, or to the responsible Federal, State, or local agency. If OIG refers the complaint to the responsible USDA agency, we track that agency's inquiry and review their response in order to ensure that proper action is taken on each complaint.

The number of Hotline complaints received has increased steadily over the years, from 674 in 1983 to over 2,800 in 1990. In FY 1989 we implemented a fully automated complaint tracking system. In FY 1991 we plan to add computer software to our telephone system which will answer, route, and, if necessary, record incoming calls. We anticipate that this will divert calls not intended for the Hotline, lessen the waiting period for callers, and allow our complaint analysts to continue to receive and process the increasing number of complaints.

FY 1991 ANNUAL PLAN

OIG INVESTIGATIONS RESOURCES BY UNDER AND ASSISTANT SECRETARIES



LEGEND

SC&RD -- Under Secretary, Small Community and Rural Development
IA&CP -- Under Secretary, International Affairs and Commodity Programs
F&CS -- Assistant Secretary, Food and Consumer Services
NR&E -- Assistant Secretary, Natural Resources and Environment
M&IS -- Assistant Secretary, Marketing and Inspection Services

**DISTRIBUTION OF INVESTIGATIVE RESOURCES
BY AGENCY
FY 1991 PLANNED**

AGENCY	INVESTIGATIVE EFFORT
<u>INTERNATIONAL AFFAIRS & COMMODITY PROGRAMS</u>	
Agricultural Stabilization & Conservation Service	17%
Foreign Agricultural Service	3%
<u>SMALL COMMUNITY & RURAL DEVELOPMENT</u>	
Farmers Home Administration	23%
Federal Crop Insurance Corporation	4%
Rural Electrification Administration	1%
<u>MARKETING AND INSPECTION SERVICES</u>	
Agricultural Marketing Service	2%
Animal & Plant Health Inspection Service	4%
Federal Grain Inspection Service	*
Food Safety & Inspection Service	5%
<u>NATURAL RESOURCES AND ENVIRONMENT</u>	
Forest Service	1%
Soil Conservation Service	*
<u>FOOD & CONSUMER SERVICES</u>	
Food and Nutrition Service	38%
<u>OTHER</u>	
ADMINISTRATION, ECONOMICS, OGC, SCIENCE & EDUCATION	2%

* Less than 1%

AUDIT

Audit is the examination and verification of agency compliance with applicable laws and regulations, economy and efficiency of operations, and effectiveness in achieving program results as well as examination of financial statements. Audit is a key management tool for assessing program performance and controls over resources.

In addition to audits performed by OIG staff, we contract with certified public accountants for some audits and oversee the quality of the work of auditors under contract to other agencies of the Department. Approximately 33 percent of OIG staff time is devoted to the conduct of audits that are designed to impact on agency management nationwide. The balance of our staff time is devoted to audits conducted within one geographical area, audits conducted pursuant to the Single Audit Act, agency requests, and quality control over non-Federal audits.

OIG auditors conduct their work in accordance with the “Government Auditing Standards - Standards for Audit of Governmental Organizations, Programs, Activities and Functions” (Yellow Book) published by the General Accounting Office, the American Institute of Certified Public Accountants (AICPA) Professional Standards, and AICPA Statements on Auditing Standards. We have established and implemented a program to ensure that our staff maintains professional proficiency through continuing education and training. Training directly related to the government auditing environment is provided to newly hired, intermediate, and advanced level OIG auditors through in-house Audit Academies.

The Government Auditing Standards describe the types of audits that government and nongovernment organizations conduct and the audit standards to be followed. Government audits are classified as:

- **FINANCIAL AUDITS:**

Financial statement audits determine (1) whether the financial statements of an audited entity present fairly the financial position, results of operations and cash flows, or changes in financial position in accordance with generally accepted accounting principles, and (2) whether the entity has complied with laws and regulations for those transactions and events that may have a material effect on the financial statements.

Financial related audits include determining (1) whether financial reports and related items, such as elements, accounts, or funds are fairly presented, (2) whether financial information is presented in accordance with established or stated criteria, and (3) whether the entity has adhered to specific financial compliance requirements.

- **PERFORMANCE AUDITS**

Economy and Efficiency Audits include determining (1) whether the entity is acquiring, protecting, and using its resources economically and efficiently, (2) the causes of inefficiencies or uneconomical practices, and (3) whether the entity has complied with laws and regulations concerning matters of economy and efficiency.

Program Audits include determining (1) the extent to which the desired results or benefits established by the legislature or other authorizing body are being achieved, (2) the effectiveness of organizations, programs, activities, or functions, and (3) whether the entity has complied with laws and regulations applicable to the program.

AUDIT PLANNING

Each year, we begin the planning process by examining agency and program delivery systems, internal controls and funding levels and reviewing the Department's internal control review and reporting systems which are required by Office of Management and Budget (OMB) Circulars A-123 (Internal Control Systems), A-127 (Financial Management Systems), and A-130 (Management of Federal Information Resources).

As in previous years, we also solicited the opinions of Under and Assistant Secretaries and agency heads within USDA for suggestions and recommendations for the OIG plan for FY 1991. In developing the audit plan, we also considered:

- Statutory and regulatory requirements;
- Adequacy of internal control systems;
- Newness, changed conditions, or sensitivity of the organization, program activity, or function;
- Current and potential dollar magnitude;
- Extent of Federal participation in terms of resources or regulatory authority;
- Management needs to be met;
- Prior audit history;
- Prior investigation history; and
- Timeliness, reliability, scope, and results of audits or evaluations performed by others.

For FY 1991 we developed over 500 audit proposals totaling more than 100,000 staff days. Our audit managers then convened to review the proposals, by strategy, and prioritize them for inclusion in the Plan. Because the audits recommended were over our available staff days, cuts were made to develop a Plan which we could realistically accomplish.

THE AUDIT PROCESS

The phases of the audit process include:

- Audit Approach

Development of an audit approach includes the reasons for selecting the audit subject, overall audit objectives and scope, locations to be audited, OIG staff who will perform the audit, staff days needed, other resources required (specialists such as timber or banking expertise) to perform the audit, and benefits anticipated from the audit.

- Audit Notification

Audit notification to the appropriate USDA agency or office informs auditees of our intent to begin an audit.

- Entrance Conference

Entrance conferences are held for OIG staff to advise agency officials of the purpose and objectives of the audit, its scope, and the general methodology and procedures to be followed.

- Survey Work

Survey work is performed to gather information and identify problems.

- Field Audit Work

Detailed audit testing and interviewing are undertaken if the survey indicates the need to learn more about conditions noted.

- Discussion Draft Report and Exit Conference

At the conclusion of an audit, a formal exit conference is held with the agency's principal officials to review the audit results presented in a discussion draft report. This provides an opportunity for management to confirm information, to ask questions, and to provide any necessary clarifying data.

- Official Draft Report

After the exit conference, necessary changes to the draft report are made and an official draft report is then presented to the agency for final written comments. The agency is generally provided 30 days to respond to the draft report.

- Final Report

A final report which contains the agency's written response is prepared and the final audit report is issued.

- Management Decision and Final Action

A management decision (agreement to take action on an audit recommendation) must be reached on all report recommendations within 6 months of issuance of the report. Final action (completion of all corrective actions) must be accomplished within 1 year of the final management decision. OIG tracks management's actions through the management decision; the Office of Finance and Management tracks actions from the management decision to completion of final action.

- Semiannual Report to Congress

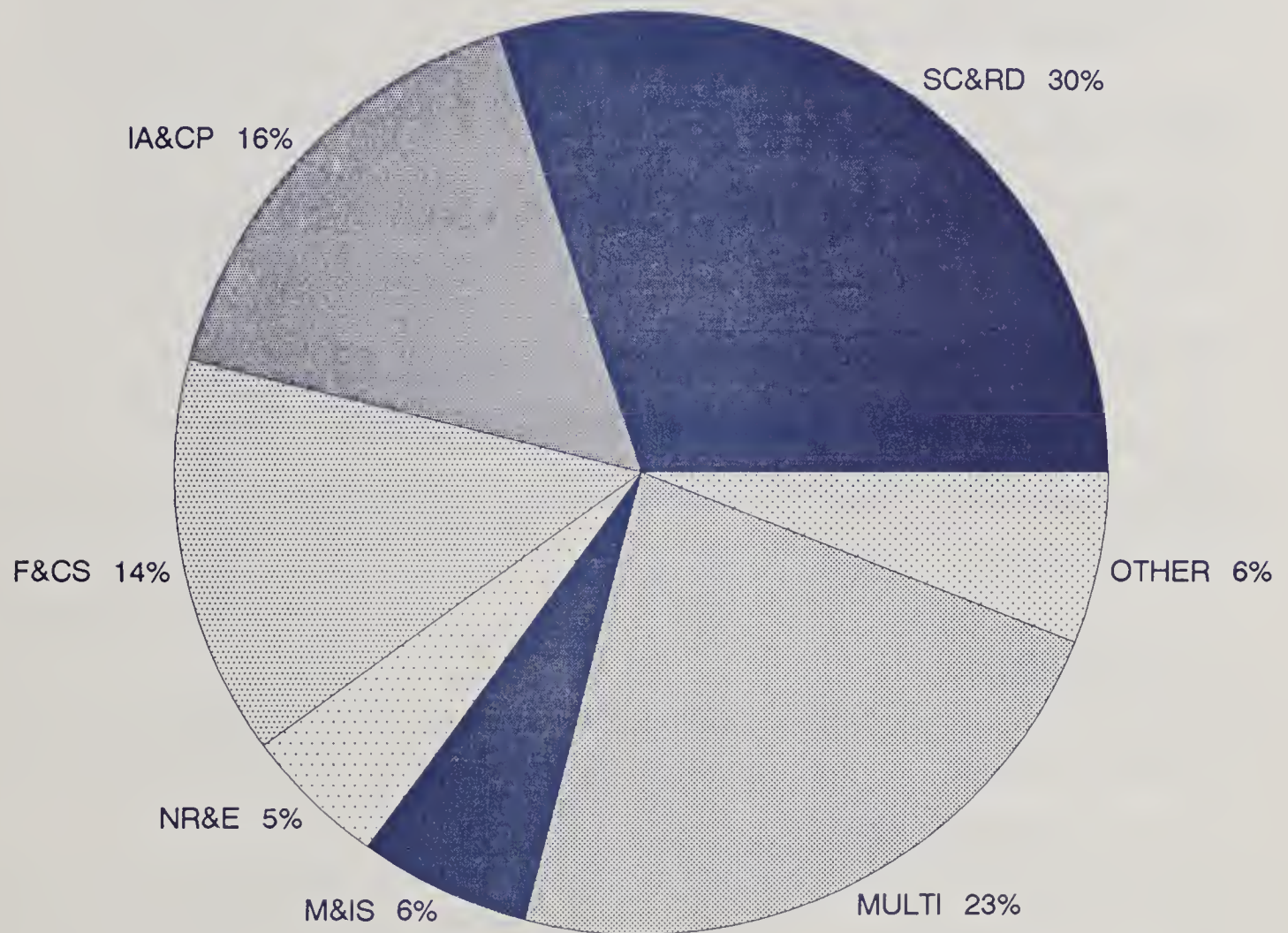
The Inspector General Act requires that we report semiannually to the Congress on our activities during the preceding 6-month period. The report includes a summary of each audit report issued before the beginning of the reporting period for which no management decision has been made by the end of the reporting period, an explanation of the reasons a management decision has not been made, and a statement concerning the desired timetable for achieving a management decision on each report. Information concerning any significant management decision with which the Inspector General is in disagreement or which has been revised is also included.

The Inspector General Act also requires the management of each Executive Department to report semiannually to the Congress on the status of all audit reports from the date of the management decision through the date of the final action. This semiannual report must highlight those audit reports for which final action has not been taken within 1 year of the management decision.

FY 1991 ANNUAL PLAN

OIG AUDIT RESOURCES

BY UNDER AND ASSISTANT SECRETARIES



LEGEND

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- F&CS -- Assistant Secretary, Food and Consumer Services
- NR&E -- Assistant Secretary, Natural Resources and Environment
- M&IS -- Assistant Secretary, Marketing and Inspection Services

**DISTRIBUTION OF AUDIT RESOURCES
BY AGENCY
FY 1991 PLANNED**

AGENCY	AUDIT EFFORT
<u>INTERNATIONAL AFFAIRS & COMMODITY PROGRAMS</u>	
Agricultural Stabilization & Conservation Service	14%
Foreign Agricultural Service/Office of International Cooperation & Development	2%
<u>SMALL COMMUNITY & RURAL DEVELOPMENT</u>	
Farmers Home Administration	27%
Federal Crop Insurance Corporation	2%
Rural Electrification Administration	1%
<u>MARKETING AND INSPECTION SERVICES</u>	
Agricultural Marketing Service	2%
Animal & Plant Health Inspection Service	2%
Federal Grain Inspection Service	*
Packers & Stockyards Administration	*
Food Safety & Inspection Service	2%
<u>NATURAL RESOURCES AND ENVIRONMENT</u>	
Forest Service	4%
Soil Conservation Service	1%
<u>FOOD & CONSUMER SERVICES</u>	
Food & Nutrition Service	14%
<u>MULTIPLE AGENCY</u>	23%
<u>OTHER</u>	
ADMINISTRATION, ECONOMICS, OGC, SCIENCE & EDUCATION	2%

* Less than 1%

OIG STRATEGIES

The Fiscal Year 1991 Strategies are:

- FARM PROGRAMS
- MARKET DEVELOPMENT
- DIRECT/INSURED LOANS
- GUARANTEED LOANS
- RURAL DEVELOPMENT
- INSURANCE
- ENTITLEMENT PROGRAMS
- CONSUMER PROTECTION
- FOREST SERVICE
- MANAGEMENT/CONTROL OF ENVIRONMENTAL HAZARDS
- RESEARCH AND TECHNOLOGY TRANSFER
- PROCUREMENT/CONTRACTS
- ACCOUNTING AND FINANCIAL MANAGEMENT
- ADP SYSTEMS
- EMPLOYEE INTEGRITY
- PROGRAM COMPLIANCE, ECONOMY, AND EFFICIENCY

Descriptions of the strategies follow with examples of audit and investigative work recently performed and planned for FY 1991.

FARM PROGRAMS

The Farm Programs strategy encompasses the numerous farm commodity and conservation programs administered by the Agricultural Stabilization and Conservation Service (ASCS) and funded primarily through the Commodity Credit Corporation (CCC), a Government entity for which ASCS provides operating personnel.

The mission of ASCS is to stabilize, support, and protect farm income and prices and to maintain balances and adequate supplies of agricultural commodities. Program delivery is accomplished through a network of 50 State offices, over 2,800 county offices and approximately 3,000 county committees, one for each agricultural county in the nation. The principal activities of ASCS/CCC included in this strategy are the administration and management of the price support, production adjustment, conservation, emergency assistance and warehouse examination programs, estimated at approximately \$12 billion in FY 1991.

Production adjustment and price support programs are designed to protect and improve farm income and keep production in line with anticipated needs. These goals are accomplished through the use of deficiency payments to producers for low market prices; diversion or set-aside payments for reducing planted program crop areas; price support loans or payments to

regulate commodity suppliers; and disaster payments due to droughts, floods or other natural conditions beyond the producer's control.

The Conservation Reserve and the Agricultural Conservation Programs were established to assist farmers and ranchers in carrying out land practices to prevent soil erosion, protect farm land, and conserve water resources. Program benefits are provided through annual payments or long-term cost-share agreements to conduct designated practices; to convert eligible land into permanent vegetative cover; and to rehabilitate farmland damaged by natural disasters.

Sales and donations of agricultural commodities are authorized to domestic agencies or foreign governments to keep commodity prices competitive and to develop new foreign or domestic markets for the commodities.

CCC programs can result in the acquisition of commodities through the takeover of commodities pledged as collateral for support loans or purchases of eligible commodities from producers to support the market price. ASCS ensures that adequate storage is available to satisfy program needs by contracting with commercial warehouses to store commodities in county, terminal, and sub-terminal locations. These warehouses are examined periodically to ensure compliance with the provisions of the storage agreements.

AUDIT

In FY 1990 we continued to find problems with excessive deficiency payments to producers, deliberate circumvention of the payment limitation provisions, payments for ineligible cropland enrolled in the Conservation Reserve Program, and incorrect crop yields and payment rates used to calculate disaster payments. Prior audits have also identified weaknesses in producer payment certifications, compliance with cost-share agreements, establishment of normal acreage, and the proper storage and protection of loan collateral. OIG considers these farm programs to be one of the Department's most critically vulnerable areas.

The Farm Program strategy will continue to receive substantial audit emphasis in FY 1991 because of prior audit findings and known internal control weaknesses in existing operations; the imminent expansion and revision of major program areas and the magnitude of funding legislated by the 1990 Farm Bill; and the extensive amount of field office involvement in administration of ASCS programs. Specific audit coverage will be provided through nationwide and special impact audits to ensure overall program integrity, prevent and detect program losses, and provide a visible audit presence.

Among the audits of ASCS planned for FY 1991 are major audits of compliance with payment limitation provisions, the 1989 Disaster Assistance Program, Tobacco Program Operations, claims and debt management activities, and the 1990 Emergency Feed Program. In addition, we plan to closely monitor implementation of the 1990 Farm Bill when it is enacted.

INVESTIGATIONS

The major emphasis of our Farm Programs investigative strategy has been to maintain the integrity of the USDA loan and benefit programs by ensuring proper coverage and prompt investigation of significant allegations of fraud, waste and abuse. Our regional offices maintain a close working relationship with State ASCS offices to ensure timely referral of investigative matters and to create an understanding of each agency's priorities, resources, and needs. At the headquarters level, our Program Investigations Division is responsible for maintaining liaison with the ASCS National Office; informing our regional offices of impending program changes; developing national guidelines for referral of investigative matters; and bringing to the attention of top agency managers program provisions that allow significant potential for abuse.

In ASCS programs, our major concern has traditionally been conversion of farm-stored commodities securing CCC loans. Due to the large volume of referrals we receive in this area, our investigative scheduling decisions are based on the likelihood of criminal prosecution or large civil recovery which is determined in consultation with the appropriate U.S. Attorney's office and Office of General Counsel representatives. Matters which are not investigated are referred back to ASCS for appropriate administrative action.

During FY 1990 our headquarters staff worked with ASCS to update a handbook instruction for ASCS State and county personnel which outlined specific information which is to be provided with every referral to OIG for investigation. This greatly assisted us in our investigative scheduling determinations.

In FY 1991 a significant number of investigative staff days will also be spent in three areas: investigation of producers who have employed a "scheme or device" to avoid annual crop support subsidy payment limitations; investigation of false certifications made in order to obtain disaster assistance; and investigation of shortages of USDA-owned or USDA-mortgaged commodities in commercial warehouses. In commercial warehousing, our emphasis is increasing due to concern expressed by ASCS management and that agency's commitment since FY 1989 to furnish our agents with increased technical assistance during these complex and time-consuming investigations. Overall, we project that ASCS investigations will require approximately 17 percent of our FY 1991 investigative staff days, a slight increase from 16.3 percent in FY 1990.

MARKET DEVELOPMENT

One of the two management objectives the President selected for USDA is to expand both foreign and domestic agricultural markets. The Congress also continues to stress the importance of agricultural trade to the United States' economy.

Our market development strategy covers the Department's broad mission of selling agricultural commodities with the purpose of increasing farm income. The Department is charged with integrating all programs related to marketing so that distribution costs may be reduced, the price spread between producer and consumer may be narrowed, and new and wider markets can be developed in the United States and foreign countries. To facilitate the marketing mission, USDA is to provide research in marketing, handling, storing, processing, transporting, and distributing agricultural products.

The major programs included in the audit strategy are the Export Enhancement, Export Credit Guarantee, Targeted Export Assistance, Public Law 480, Market News, Marketing Orders, Promotion Boards, and International Training Programs.

To carry out the diverse programs, USDA works with State and foreign governments, producer groups, nonprofit commodity groups, agricultural processors, exporters, land grant institutions, county extension agents, and individual producers. Fourteen USDA agencies share in the market development responsibilities of the Department.

Financing of the market development programs is provided by the annual USDA appropriations, matching funds, producer assessments, user fees and foreign import duties. While the major export promotion programs use CCC certificates, all day-to-day operations for these programs are carried out by Federal employees.

Program delivery systems have been designed that involve subsidies, credit guarantees, long-term loans, publishing magazines and reports, advertising, trade negotiations, setting quality standards, regulating markets, grants and cooperative agreements, trade fairs, and international conferences. Domestically, International Trade and Development Centers are being funded by USDA through cooperative agreements, while USDA's Foreign Trade Offices are making potential foreign customers aware of U.S. farm products.

AUDIT

During FY 1990 we audited (1) the control systems used to manage the agricultural attaches, counselors and minister counselors, (2) the operations of the Compliance Review Staff of the Foreign Agricultural Service (FAS), (3) the matching contributions provided by the participants in the Targeted Export Assistance Program, (4) eligibility criteria for the various USDA export programs, (5) the process used by the CCC to approve foreign banks in the Export Credit Guarantee Program, and (6) the port values of commodities guaranteed under the Export Credit Guarantee Program and the extent of "after-sale-service fees" paid to foreign countries.

Our FY 1991 audit plan calls for increased coverage of the market development opportunities. Specifically, our audits will review the marketing opportunities provided by the Support for Eastern European Democracy Act of 1989, compliance with international trade agreements, corrective action on prior audit recommendations for the Export Enhancement and Export Credit Guarantee Programs and implementation of the new market development activities required by the 1990 Farm Bill.

INVESTIGATIONS

As the Department has placed an increased emphasis on opening foreign markets and exporting agricultural commodities, OIG has found a greater need for investigative emphasis in this area. In FY 1988 FAS matters required only 0.5 percent of our investigative staff days. In FY 1990 this figure increased to approximately 2.5 percent. In FY 1991 we anticipate that it will once again increase, to approximately 3.0 percent of available staff days. Most of our investigations involve the Public Law 480 program, the Export Enhancement Program, and the Export Credit Guarantee Program, and usually involve allegations of false certifications by U.S. exporters.

We are working to increase our coordination with foreign law enforcement agencies. We have furnished a representative to the International Criminal Police Organization (Interpol) since 1982, and our use of this resource has increased dramatically since FY 1989. During FY 1990 we hosted an Interpol symposium on the Assistance of Auditors in Combating Economic and Financial Crime. As a result of this symposium, a summary report for the Secretariat General of Interpol was prepared and approved detailing recommendations for increased use of auditors in combating international white collar crime.

DIRECT AND INSURED LOANS

The two major direct and insured loan lenders in USDA are the Farmers Home Administration (FmHA) and the Rural Electrification Administration (REA). FmHA makes direct loans for farmer programs (operating, ownership, emergency, and other), housing programs (single and multifamily), and community programs (water and waste facilities, hospitals, et al.). FmHA furnishes a variety of loans to farmers, secured by real estate, machinery, crops, or livestock; it also furnishes housing loans to individuals and real estate developers in rural areas. REA makes insured loans to rural electric cooperatives and rural telephone cooperatives.

AUDIT

Our Direct and Insured Loans Strategy for audit focuses on FmHA's Debt Restructuring Program, implemented pursuant to the Agricultural Credit Act of 1987, which is estimated to result in writedowns and writeoffs of \$8 billion to \$10 billion. In addition, we are focusing on FmHA's Rural Rental Housing Program in part due to the sensitivity and concerns that have arisen due to disclosures elsewhere in the Federal Government.

In FY 1990 we completed a special study of high dollar delinquent loans subject to restructuring in the FmHA portfolio to determine the underlying causes of the defaults. Our review disclosed that 96 percent of the program losses incurred in our sample were attributable to emergency and economic emergency loans. Further, we noted that 72 percent of these losses would have been avoided had the current loanmaking provisions been in effect at the time of the original loan application. Additionally in FY 1990, we initiated two nationwide audits of debt restructuring activities, one to evaluate the adequacy and propriety of FmHA's handling of the restructuring actions, and the other to analyze the extent to which borrower embezzlement attributed to the program losses. We also launched nationwide audits of the Rural Rental Housing activities to include the loan approval process, project operations, and project construction. We also undertook an analysis of the REA loanmaking activities to determine if savings could be gained by increasing the share of the financing burden with the private sector. All of these major efforts will be completed in the upcoming fiscal year.

In FY 1991 our strategy is once again aimed primarily at the Debt Restructuring Program. We will review subsequent restructuring actions and also the adequacy of the servicing of borrowers who were unable to qualify for the program. These borrowers are offered alternative options and then, ultimately, may be foreclosed upon. We will also assess a new FmHA initiative to strengthen its credit management process entitled the Field Office Specialization Project. FmHA will add 425 new employees to 14 State offices to perform loan approval reviews, property appraisals, and servicing actions on delinquent borrowers. In addition, the Office of the General Counsel will add 75 employees to work on reducing FmHA cases in litigation.

INVESTIGATIONS

Both FmHA and REA are required to contact OIG when they suspect loan fraud, including: false or fraudulent statements to obtain loans or to continue loan agreements; diversion of loan proceeds; unauthorized disposition of Government-mortgaged property; and embezzlement of loan proceeds. The largest volume of investigations concern unauthorized sale or disposition of Government-mortgaged property. Our strategy in FmHA farm loans is similar to our Farm Program strategy. OIG regional offices maintain close coordination with FmHA State offices to ensure clear communication and prompt referral of investigative matters. Our case opening decisions are based on the likelihood of criminal prosecution or large civil recovery. Matters not meeting those criteria are referred back to FmHA for appropriate administrative action.

During FY 1990 we met with FmHA management to explore the increased use of contract investigators by FmHA where civil or administrative matters need to be addressed. We anticipate that the expanded use of contract investigators will result in increased recoveries by FmHA, as well as have a deterrent value in the community.

A second area of concern is fraud in the FmHA Rural Housing Program and Rural Rental Housing Program. Fraud in Rural Housing is usually due to underreporting of income by borrowers. Fraud in the Rural Rental Housing Program often consists of escalation of construction costs and diversion of funds by project developers. We anticipate continued activity in this area in FY 1991.

We anticipate that the overall number of FmHA referrals will remain steady during FY 1991. In FY 1991 we plan to devote approximately 23 percent of our investigative staff days to the FmHA program, a slight increase from 22 percent in FY 1990.

Most of our REA investigations have involved either embezzlement or diversion of loan funds, or inflation of construction costs to receive additional loans. We receive a relatively small number of investigative referrals from REA each year, and during the last 2 years we have worked closely with REA personnel in order to ensure that those matters which may need investigation are recognized by REA and referred to OIG in a timely manner. However, we anticipate that the percentage of OIG staff days spent in REA investigations will remain at approximately 1 percent in FY 1991.

GUARANTEED LOANS

FmHA makes guarantees to private lenders of up to 90 percent for loans to farmer program borrowers. Congress has mandated a shift from direct to guaranteed loanmaking since 1987 and the trend continues. REA makes 100 percent guarantees to the Federal Financing Bank of the U.S. Treasury for large loans made to Generation and Transmission Cooperatives.

Our Guaranteed Loans strategy addresses the adequacy of the loanmaking and loan servicing processes. Loan guarantees are the preferred Congressional method to provide financing to eligible program participants. Therefore, appropriations have been provided for several new initiatives and existing programs have been expanded. Reviews of this type are complex because the actions of two parties, the USDA agency and the private lender, must be assessed.

AUDIT

In FY 1990 we completed a followup review of the Interest Rate Reduction Program, whereby FmHA shares the cost of reducing interest rates by making annual interest rate buydown payments to participating lenders. Our review disclosed that the conditions noted in our 1987 audit, wherein we questioned 53 percent of all loans examined, had worsened; our current work questioned 92 percent of the transactions evaluated.

We will review debt restructuring of guaranteed loans, the adequacy of farmer program guaranteed loan liquidations, and the two guaranteed loan programs, Community Programs and Rural Housing. We also plan to perform a followup audit of our 1988 review of FmHA's shift of lending activity from direct to guaranteed loans.

RURAL DEVELOPMENT

Rural development is an area of great Congressional concern. Congress has passed bills which will greatly expand the level of Federal assistance provided to rural areas and the types of delivery systems. In addition, FmHA currently has several different programs in place that share the common objective of spurring economic growth in rural areas to include the Business and Industrial (B&I) Loan Program, the Nonprofit National Corporation (NNC) Loan and Grant Program, the Industrial Development Grant Program, and the Intermediary Re-Lending Program (IRP). Further, recent legislation has expanded B&I activities specifically for the purpose of assisting businesses which serve areas which have been harmed by drought or natural disasters. Finally, REA was granted authority in 1987 to make zero interest loans and grants to cooperatives for dissemination to rural companies.

Our Rural Development strategy encompasses all programs and activities. Our objectives are to determine whether: program requirements are met; inefficiencies, such as duplication, are avoided; funds are properly spent; and legislative intent has been met.

AUDIT

In FY 1990 we completed a nationwide audit of B&I loanmaking activities. In addition, we completed an overall audit of the B&I program in a large State. These audits disclosed substantive program weaknesses. Further, we performed several reviews of the adequacy of lender servicing on loans in liquidation which were made for more than \$3 million. We also completed an audit of the IRP program and initiated audits of the NNC, and the REA Zero Interest Loan and Grant Programs. These audits will be completed in FY 1991.

In FY 1991 we will continue to monitor rural development legislation and adjust our strategy accordingly. We will also conduct a nationwide audit of B&I loan servicing if the ongoing survey discloses significant potential problems. Finally, we have scheduled reviews of the FmHA B&I drought and disaster programs.

INSURANCE

The Federal Crop Insurance Corporation (FCIC) is a wholly-owned government corporation created to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance. FCIC was created by the Federal Crop Insurance Act in 1938 to directly insure selected crops in certain counties. The Act was amended in 1980. The amended Act substantially revised the crop insurance program by expanding the coverage, authorizing the use of private insurance companies to sell and service policies, increasing coverage levels, and providing for a reinsurance program. FCIC uses a dual delivery system to provide insurance coverage to producers. Eighty-nine percent of the policies are sold by private insurance companies reinsured by FCIC and 11 percent are sold by vendors under contract to FCIC.

Under the Crop Insurance Act of 1980, premium rates were to be set so that over time the subsidized premium would be sufficient to cover indemnity costs and provide for a reserve. The program was to be actuarially sound. Program changes were designed to increase participation. However, participation has never reached the 50 percent targeted level. Claims have exceeded premiums every year, with 1989 losses amounting to \$548 million. FCIC's 1989 accumulated deficit amounted to \$2.6 billion.

AUDIT

In FY 1990 OIG reviewed the Compliance Division operations, the administrative appeal system, one Field Underwriting Office, judgementally selected large indemnity payments, and internal controls. We also monitored the actions taken on the 32 recommendations made by the Federal Commission for the Improvement of the Federal Crop Insurance Program.

Audits planned for FY 1991 include monitoring crop insurance program changes, surveying large claims for 1989 and 1990 crop years, evaluating the adequacy of agent/loss adjuster training and identifying the potential for or existence of duplicate reimbursements to growers for crop damage caused by carry over of applied chemicals.

INVESTIGATIONS

Although our interest in crop insurance fraud by producers remains strong, the amount of time spent on FCIC investigations decreased to approximately 4 percent of available staff days during FY 1990, due to increased program monitoring by the FCIC Office of Compliance. We project that the percentage of OIG staff days involved in FCIC investigations will remain the same in FY 1991.

ENTITLEMENT PROGRAMS

The Food and Nutrition Service (FNS) administers three major entitlement programs which account for approximately \$23 billion in FY 1991. These programs are: the Food Stamp Program (FSP), the Child Nutrition Programs (CNP), and the Supplemental Food Program for Women, Infants, and Children (WIC). The programs are administered by the States through agreements with FNS. The States, in turn, enter into agreements with county and project offices to deliver program benefits. Our strategy in this area is to focus on the overall management role of the administering program agency, FNS, the adequacy of controls and systems used to manage the program, and the effectiveness of audits performed under the Single Audit Act (OMB Circulars A-128 and A-110).

AUDIT

In FY 1990 our audit coverage included (1) WIC administrative costs, (2) FSP computer matching, (3) controls over the pilot Bank Monitoring System, (4) the Nutrition Assistance Program in Puerto Rico, (5) audits of child and adult care institutions which receive reimbursements from FNS, (6) implementation of the Income and Eligibility Verification system, and (7) private nonprofit sponsors participating in the Summer Food Service Program.

Since the FNS programs have large cash outlays, the potential for fraud and large dollar losses exists. We will continue to emphasize audits of these programs to determine if certain checks are in place to ensure that they operate in the most efficient, effective, and economical manner possible. In planning for FY 1991, we reviewed the programs' control mechanisms, and assessed those mechanisms in an effort to ensure that emphasis is being placed where needed.

For the FY 1991 program, OIG again plans to spend a substantial portion of its resources in the entitlement programs. Major audits will cover a continuation of matching efforts in several large metropolitan areas to identify Federal and U.S. Postal Service employees and retirees who underreport their income; reviews of the FSP error rate reduction systems, FSP issuances using contracted agents, security and accountability over printing FSP coupons, implementation of the FSP employment and training program, retailer tracking system, and the National School Lunch Program verification process; continued monitoring of the Bank Monitoring System; a continuation review of the recoupment of claims and imposing disqualification penalties in the FSP; an evaluation of the Federal Accountability and Integrity Reviews; administrative costs in the CNP programs; and an evaluation of the effectiveness of single audits as a management tool.

INVESTIGATIONS

OIG's investigative activities in the FSP have traditionally focused on fraud by retailers authorized to accept food stamps and on "food stamp trafficking," which is defined as the unauthorized acquisition of food stamps in exchange for nonfood items and their use as a "second currency" by persons not authorized to participate in the FSP.

In FY 1991 OIG will continue to emphasize these two areas of investigation. Since the authorized retailer is the key to eventual redemption of illegally obtained food stamps, we have implemented a project in cooperation with the FNS Compliance Branch to increase the investigative resources devoted to the uncovering and investigation of "high redeemer/low volume" retailers (i.e., FNS authorized firms whose food stamp redemptions are consistently larger than their reported gross food sales). We will also look at unauthorized retailers, including those previously disqualified from the FSP for serious violations, who continue to accept food stamps in willful disregard of program regulations. We have met with representatives of FNS in order to develop new initiatives for action against unauthorized retailers involved in food stamp trafficking. We fully support the Department's intent to pursue civil action against traffickers who present food stamp redemption claims to the Government.

We will continue to conduct food stamp investigations jointly with other Federal, State, and local law enforcement authorities, resulting in a more effective use of limited investigative resources, as well as improved intelligence gathering.

In FY 1991 the investigative resources dedicated to FSP investigations will decrease slightly from 34.6 to 33 percent of our available staff days, and the total percentage of our time devoted to FNS programs will decrease from 41 to 38 percent. However, FNS will continue to be the USDA agency to which we devote the most investigative resources.

CONSUMER PROTECTION

Consumer Protection activities within the Department include those activities designed to assure that the food the consumer eats is safe, properly labeled and graded, and that the nation's plant and animal resources are safeguarded. These activities are performed by the Food Safety and Inspection Service (FSIS), the Agricultural Marketing Service (AMS), the Federal Grain Inspection Service (FGIS), the Animal and Plant Health Inspection Service (APHIS), and the Packers and Stockyards Administration. They include: in-plant inspections of all domestic establishments preparing meat and poultry products for sale or distribution; review of foreign inspection systems and establishments; inspection and quarantine of animals and plants at U.S. ports-of-entry; control of agricultural losses caused by predatory animals; developing standards for licensing and testing veterinary biologicals; establishing grading standards for eggs, tobacco, livestock, dairy, poultry, fruits, vegetables, and grain; and performing weighing and inspections to ensure the standards are met. The public depends upon these agencies to safeguard it against bacteria, pesticides, and other chemical contamination; farmers depend upon these agencies to protect agricultural resources and maintain consumer confidence in the market for their products.

AUDIT

Our FY 1990 plan included an audit of FSIS meat and poultry product labeling policies and approvals. The audit resulted in recommendations to reduce errors and increase controls over the label approval process. We also conducted audits of AMS Dairy Grading Activities, Domestic Commodity Origin Requirements for Purchases of Agriculture Commodities by AMS, and administrative costs charged to the Pseudorabies Eradication Program by APHIS.

Food safety concerns continue to receive considerable attention; therefore, our FY 1991 annual plan includes work to assure that the Department is effectively protecting the consumers and agricultural resources of the nation. Major audits or surveys are scheduled in FSIS, APHIS, and AMS. In FSIS, we will audit the monitoring of drug residues, as well as survey the accreditation of commercial laboratories and the procedures used to handle problem plants under the meat and poultry inspection program. In APHIS, we will audit the Swine Identification and United States-Mexico Screwworm Eradication programs, as well as survey the Animal Welfare Program and the National Poultry Improvement Plan. In AMS, we will audit the management of voluntary inspection and grading programs.

INVESTIGATIONS

Helping to ensure the health and safety of the public remains OIG's highest priority. When threats to public health are identified, such as allegations of tampering in products regulated by the Department, OIG immediately goes to work as part of a team of USDA agencies in order to determine the extent of the problem; to identify its cause; to take corrective action; and to seek criminal prosecution, if appropriate.

On a day-to-day basis, we continue to work in close coordination with other USDA personnel to guard against deliberate criminal acts that endanger the health and safety of the public or result in economic damage to the public as a result of misrepresentation of the quality of agricultural products. In order to carry out this function, we have formal agreements with

FSIS, AMS, FGIS, and APHIS, as well as with the Regulatory Division of the Office of the General Counsel. The agreement with APHIS, which was implemented in FY 1990, also provides for investigative consideration of smuggling incidents involving plants or animals which may impact the nation's food supply through exposure to disease or plant pests.

In FY 1990 investigative activity involving violations of the Federal Meat, Poultry, and Egg Products Inspection Acts, as well as other areas of food regulation, accounted for approximately 11 percent of investigative staff days. It is anticipated that activity in this area will require the same percent of available workdays in FY 1991.

FOREST SERVICE

The Forest Service is responsible for applying sound conservation practices to the natural resources of the national forests and grasslands. The national forest system covers 191 million acres of public lands administered through 9 regional offices and 637 ranger districts. Forest Service operational activities are numerous and diverse, encompassing the management of timber sales, fish and wildlife habitat enhancement, recreational sites, fire fighting and protection, cooperation with State and local government and private forest land owners, and forest and rangeland research. The Forest Service's FY 1990 budget was about \$2.9 billion.

AUDIT

All Forest Service programs are inherently vulnerable from the standpoint of materiality, decentralization of operations, and special concerns. Of particular concern is Forest Service's management of national forest timber, including sales administration, timber valuation, log accountability, contract administration, and the bidding and payment processes. In addition, the Forest Service strategy concentrates on the management of the lands and natural resources of the national forest system, and the use of lands and other resources for recreation.

In FY 1990 we conducted reviews of the Knutson-Vandenberg and the Brush Disposal Fund balances and reported in both instances that excess fund balances were improperly retained by national forests. In addition we reviewed collection activities on timber sale default claims, controls over microwave communication systems, and the accounting procedures used to reconcile payments received for minerals activities incurred on Forest Service acquired lands. We identified significant problems in all areas examined.

For FY 1991 we have planned surveys of major program areas to include: timber sales and management, road construction and maintenance, minerals and recreation management, and the timber salvage sale fund. Specifically, OIG plans to conduct surveys of mineral production on national forest lands, financial security controls for timber sales, recreation management, cruising and skewed bidding, followup on Region 6's timber theft prevention, and timber theft prevention activities in Region 5.

MANAGEMENT/CONTROL OVER ENVIRONMENTAL HAZARDS

This strategy brings together a wide range of agency programs and operations under the general concern for the protection of the environment and the abatement of environmental hazards that result from practices in agriculture and forestry. In FY 1991 there is more than \$227 million appropriated for environmental protection activities.

Individual agencies of the Federal Government are required to identify and remedy their deficiencies with regard to Federal, State, and local standards on environmental quality, including air, noise, water, pesticides, chemicals, and toxic and radioactive waste. USDA operates over 21,000 buildings at more than 15,000 locations and controls nearly 173 million acres of land. Working together with the Environmental Protection Agency, priority problem areas are scheduled for remedial action. These plans are coordinated through a central committee and presented as a single funding item under the budget for Departmental Administration. Violations of Federal or State standards at Government-owned or operated facilities subject agencies to legal and administrative action that may result in criminal prosecution of Federal employees.

Agriculture is recognized as one of the major contributors to nonpoint water source pollution. In the past, the Department's response to water quality issues existed as a collection of agency-operated programs which focused more on soil conservation and surface water contamination. These efforts were coordinated through an interagency Committee on Water Quality. Recently, the Department has developed a 5-year water quality program for better coordination among USDA agencies and between the Department and other Federal, State, and local agencies.

Other organized programs under this strategy represent USDA's application of the National Environmental Protection Act to specific agricultural fields like pesticides, biotechnology, and agricultural chemicals. Also within the scope of this strategy will come the Health and Safety Programs of individual agencies which endeavor to reduce risk from environmental hazards to USDA employees working at Government-owned or operated facilities.

AUDIT

In FY 1990 OIG conducted its initial survey of the Department's hazardous waste activities and identified four issues for audit emphasis during FY 1991. These include (1) an assessment of the Department's responsiveness to hazardous waste cleanup requirements and schedules, (2) a review of interagency agreements between USDA agencies and the Environmental Protection Agency to carry out cleanup activities, (3) an assessment of cleanup costs of property acquired by USDA because of foreclosure or other reasons outside its control, and (4) an evaluation of agency activities to bring USDA laboratories into compliance with Federal and State guidelines on the storage and disposal of dangerous waste, toxic chemicals, and radioactive materials. Audit work planned for FY 1991 also includes a survey of the organization and planning of activities intended to meet the Department's water quality objectives.

RESEARCH AND TECHNOLOGY TRANSFER

USDA is the lead Federal agency responsible for the coordination of Federal, State, and private investments in the discovery and application of new and improved technologies to agriculture and forestry. The USDA research agencies, which include the Agricultural Research Service, the Cooperative State Research Service (CSRS), and the Economic Research Service, contribute to the strengthening of the nation's agricultural research capacities and the expansion of knowledge in the agricultural and related sciences. All agencies in the Department make their contributions to the profitability and competitiveness of American agriculture more effective through application of the most current information obtained from the physical, biological, and social sciences. Particular support for the distribution of the latest technology and information is given by the Extension Service and the National Agricultural Library. The annual appropriation for research activities exceeds \$1 billion.

The National Agricultural Research Extension and Teaching Policy Act establishes a cohesive, interdisciplinary research effort for the generation, development, and diffusion of technology that is appropriate to the farming community. Research is carried out directly by USDA at 123 laboratories across the nation, in partnership with State Agricultural Experiment Stations through grants to institutions and individuals, and through cooperative agreements with private industry and other public agencies. Our audit strategy is to ensure that agricultural research, extension, and teaching funds are being applied efficiently and effectively to identifiable national needs and objectives.

AUDIT

FY 1990 audits reviewed the implementation of grants for research and extension at selected land grant institutions. Findings included disallowed indirect costs, inadequate financial and administrative controls, and incomplete and inaccurate reporting. Changes were recommended to improve Extension Service controls over grants for the construction and renovation of cooperative extension facilities at 1890 Land Grant Institutions.

For FY 1991 we plan to continue survey work on the program integrity of the Department's research and technology transfer efforts to further review the distribution, use, and management of research facilities funds, and to assess the development and implementation of the USDA intramural research program. We will continue our audit work on institutional grants as a means of testing the effectiveness of CSRS grants management and to assist the agency in developing better program feedback and oversight. OIG will survey the Small Business Innovation Research Program to assure that agency controls over the selection and funding of awards are effective and in compliance with applicable laws and Congressional intent. The use of cooperative agreements for research and extension purposes will also be evaluated during this year.

PROCUREMENT AND CONTRACTS

Procurement of goods and services to support and augment agency operations within USDA totals almost \$1.5 billion annually. The range of procurement and contracting is broad and includes purchases of meat, poultry, and fish; printing, storage, delivery, and distribution of food stamp coupons; and consulting and advisory assistance services. Governmentwide policy direction is provided by OMB's Office of Federal Procurement Policy. Acquisition regulations and cost principles are promulgated and authority is delegated to Federal Departments and agencies by the Federal Acquisition Regulatory Council. Within USDA, the Office of Operations provides oversight for Departmental procurement and contracting functions and delegates contracting authority to agency contract officials and their staffs. The National Finance Center performs the accounting and payment functions for most agency procurements.

AUDIT

During FY 1990 OIG audits of contracts were performed to assist USDA procurement offices in the negotiation, administration, and settlement of USDA contracts and subcontracts. We performed or arranged for audits of 13 pricing proposals, cost reimbursement contracts, or contractor claims. These audits resulted in questioned costs or potential savings of more than \$1.3 million.

As required by Title 31, U.S.C. 114(b), we reviewed the Department's management controls over consulting services and the integrity of the data reported into the Federal Procurement Data System. We also performed a review of the Department's compliance with the regulations governing debarment and suspension and drug-free workplace requirements for procurement and nonprocurement program participants.

In FY 1991 we will evaluate the internal controls over the debarment and suspension systems and drug-free workplace requirements in place at agencies within the Department to determine whether they meet the requirements of 7 CFR 3017 and the Federal Acquisition Regulations. We will also evaluate commodity procurement practices to determine the reasonableness of product standards and whether the standards are followed when procuring processed commodities. This evaluation will also include a review of the effectiveness of internal controls within the processed commodity inventory management system.

ACCOUNTING AND FINANCIAL MANAGEMENT

Under the Accounting and Financial Management strategy, we address the responsibilities of the Office of Finance and Management (OFM), Departmental cash and debt management, and accounting and financial management systems of the Department. The performance of Departmental financial statement audits is also included in this strategy. OFM provides Departmental leadership and oversight for the development, evaluation and maintenance of accounting and financial management systems and assists USDA agencies in ensuring that cash and debt management practices are efficient and effective. OFM also provides central accounting services through the Central Accounting System (CAS) at the National Finance Center (NFC), and maintains accounting records for various agencies of the Department. The NFC also provides administrative services and maintains administrative accounting for USDA agencies. In addition, NFC has become a leader in the Federal Government, providing cross-servicing functions to agencies and Departments outside USDA.

The CAS and five other accounting/financial management systems in the Department provide accounting control for all receipts and disbursements accomplished by USDA. In addition, the systems maintain control over all receivables due the various agencies within the Department. As of September 30, 1989, debts due the Department totaled just over \$123 billion. Of this total, approximately \$19 billion was overdue. For FY 1989 the cash payments collected by the Department totaled approximately \$23 billion. The CAS and other accounting systems provide financial reporting to agency managers, as well as meeting the reporting requirements of the Secretary of the Treasury. The systems are maintained on large scale computer systems at either the USDA's National Computer Centers or NFC.

In FY 1990 we assisted the General Accounting Office in conducting audits of FmHA's and CCC's financial statements. Other financial management audits performed during FY 1990 addressed the effectiveness of cash collection systems at ASCS/CCC and FmHA, the adequacy of debt management and collection initiatives in the Forest Service, and the efficiency and effectiveness of FCIC's cash management practices with reinsured companies. We also reviewed the payroll/personnel system and controls over the on-line payment and collection system at NFC.

For FY 1991 we plan to expand our involvement in auditing financial statements by conducting the entire audit of FmHA's financial statements. We also plan to review NFC's controls over adjustments to the general ledger and suspense account activity. Other audit areas will include Departmental debt management and collection initiatives, internal control systems, merged appropriation accounts and agency actions to correct control weaknesses identified in Federal Managers' Financial Integrity Act reviews and audit reports.

AUTOMATED DATA PROCESSING (ADP) SYSTEMS

The Automated Data Processing (ADP) Systems strategy addresses the Department's management and use of program and administrative information and information resources within the purview of the Office of Information Resources Management. This includes Departmentwide ADP and telecommunications services provided by the National Computer Center (NCC) at its two locations in Fort Collins, Colorado (NCC-FC), and Kansas City, Missouri (NCC-KC). In addition, this strategy addresses the major ADP, information resource management (IRM), and office automation systems developed and maintained by USDA agencies to support program and management functions.

Currently, agency-developed and controlled ADP/IRM systems handle about 70 percent of the Department's data processing needs, with the NCC handling 30 percent. Only a few years ago, NCC handled a majority of agency processing needs. Agency controlled systems, which continue to expand, use a high degree of distributed processing using personal computers networked through minicomputer and mainframe telecommunication configurations. Such environments present a broad range of computer security and control issues. These issues involve data integrity and transmission, unauthorized access, equipment compatibility, telecommunication links, software development, equipment buying and upgrade, equipment location, processing of sensitive information, system documentation and security plans.

AUDIT

Our audits of NCC functions and activities have continued to surface vulnerabilities and weaknesses in security and control areas. In addition, enactment of the Computer Security Act of 1987 and widely publicized incidences of unauthorized access to major national and international ADP systems and networks by hackers have continued to underscore the importance of computer security and control.

The life cycle development process for new or expanding ADP/IRM systems is also a major audit concern. Audit focus will be on major ADP/IRM systems characterized by such factors as dollar value of investment, program dollars to be processed/controlled, degree of sensitivity of information to be processed, volume of users, system size, and high level management interest. Our audit efforts will be applied to the most critical phases of the life cycle process, such as the development plan, needs determination, system justification, cost/benefit analysis, and user acceptance testing.

In FY 1990 we performed ADP audits involving systems security at the NCC-KC and the NFC, and security and control of the Honeywell mainframe and the tape library at NCC-KC. Evaluations focused on the adequacy of software testing at ASCS, the Forest Service, and FmHA; and on internal controls in FCIC's Reinsurance Accounting System, ASCS's Producer Payment Reporting System and ASCS's Check Accounting System. Reviews included NCC-FC's compliance with Federal and Departmental regulations related to ADP procurement, cross-servicing arrangements, and the cost of research and development activities.

We plan in FY 1991 to monitor the development of agency accounting and program systems. We also plan to evaluate the security over the NCC-KC, and security and controls over FmHA's remote transaction processing and automated production control system. Other ADP audit areas include reviews of Departmentwide management and security of microcomputers and NCC-FC's financing and charging activities.

EMPLOYEE INTEGRITY

The integrity of USDA personnel is essential to maintain the public's confidence that tax dollars and resources are adequately protected. A myriad of laws, executive orders, and regulations prescribe what is expected of public servants before, during, and after Government employment. During employment, public servants are held to high ethical standards including prohibitions against acceptance of gifts and gratuities, private compensation, and the appearance of a conflict of interest. Employees in specified positions must complete statements of employment and financial disclosure annually. Certain prohibitions also apply after an employee leaves the Government. For example, the Federal Procurement Policy Act (41 U.S.C. 23) contains revolving door restrictions which impose a 2-year restriction prohibiting individuals from representing a contractor in the negotiation or performance of a contract if that individual was personally and substantially involved in either the negotiation or review and approval of that same contract as a Government representative.

During FY 1990 we conducted an audit of the FmHA's management of the Rural Rental Housing and Rural Housing Programs to determine whether problems exist relating to the integrity of FmHA officials and escrow agent activities. We also conducted a special study of the organization and implementation of the Department's employee financial disclosure and outside employment reporting requirements.

In FY 1991 we plan to conduct an audit which will evaluate the propriety of program benefits received by USDA officials who participated in the farm programs administered by ASCS.

INVESTIGATIONS

Employee integrity investigations continue to be a major priority for OIG. During the past fiscal year our investigations resulted in 29 criminal convictions and pretrial diversions, and 72 personnel actions against current or former USDA employees.

Employee misconduct matters most often involve allegations of conflict of interest, misuse of an official position in order to obtain unjustifiable benefits, and bribery. OIG attempts to promptly resolve allegations of employee misconduct in order that the agencies involved may proceed with appropriate administrative action.

USDA regulatory employees are instructed to report offers of bribes or gratuities by calling the OIG "direct line," a telephone line which is answered 24 hours per day. Callers wishing to report such offers are immediately put in touch with a Special Agent, who instructs the caller on proper procedures to follow. These matters are given the highest possible investigative priority.

In FY 1990 approximately 9 percent of available workdays were devoted to employee misconduct investigations. Investigative activity in this area is expected to remain at approximately this level in FY 1991.

PROGRAM COMPLIANCE, ECONOMY, AND EFFICIENCY

The Program Compliance, Economy, and Efficiency strategy includes all programs and activities not included in other strategic areas. It includes special requests, audit followup, single audits of State and local governments, and the quality of audits performed by non-Federal auditors. It also includes audits and investigations in organizations such as the Soil Conservation Service, Office of Operations, National Agricultural Statistics Service (NASS), and the Office of the General Counsel when the audit area is not included in another strategy.

AUDIT

During the year, issues develop which we cannot anticipate during the planning process. These issues usually develop from Secretarial, agency, Congressional, or OIG concerns regarding fraud, waste or abuse of certain USDA programs or operations. In order to respond to these concerns, OIG reserves time for these unanticipated requests. We have allocated 3,400 staff days in FY 1991 for this purpose.

We also set aside time in our plan to monitor the management decision process made for audit findings and recommendations presented in our audit reports. The purpose of this process is to ensure that we and the auditee agency agree on the actions needed to correct deficiencies.

Once we agree with the management decision, management is responsible for implementing final actions. Final actions are monitored and tracked by OFM. In FY 1991 we plan to conduct an audit of the OFM system for handling final actions.

OIG has responsibility for monitoring the work of independent auditors conducting audits of State and local governments according to OMB Circular A-128 and institutions of higher learning and other nonprofit institutions according to OMB Circular A-133. Currently, we are assigned cognizance for 19 State agencies and larger local governments. In addition, we are the lead cognizant agency for the Statewide single audits of Minnesota and Pennsylvania.

We are responsible for ensuring that the quality of work performed by other non-Federal auditors submitting reports to USDA under program-specific requirements is adequate. Their work must comply with the standards established by the Comptroller General of the United States. When substandard audit work is identified, we refer the independent auditor to the State Boards of Licensing Authorities and the American Institute of Certified Public Accountants. In FY 1991 we plan to evaluate whether the quality of audits performed by certified public accountants of financial assistance has improved based on revised auditing standards and additional controls implemented by program agencies.

In FY 1990 we conducted an audit of the NASS average market price data used to determine the deficiency payment rate for upland cotton. Because the average market price has a significant impact on the deficiency payment rate, we plan to assess the accuracy of price data reported to NASS by rice cooperatives and selected other buyers of rice during FY 1991. In

addition, we plan to evaluate the statistical sampling methodologies and the accuracy of the data used to compute the average market price of various commodities.

We also plan to evaluate the effectiveness of the Soil Conservation Service quality review and reporting process, and to determine whether proper methods were developed and utilized which ensure all highly erodible land was identified and revisions to conservation plans were properly controlled.

MAJOR AUDITS PLANNED FOR FY 1991

Below are brief descriptions of major audits planned for FY 1991. A list of all audits planned for FY 1991 is provided in Appendix III.

UNDER SECRETARY
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS

Agricultural Stabilization and Conservation Service (ASCS)

TITLE: Payment Limitation Provisions for 1989

OBJECTIVE: Determine whether controls are operating as prescribed to prevent a "person" from obtaining excessive program benefits. Evaluate agency efforts to make accurate determinations of producer compliance with the "three permitted entity" and "actively engaged" provisions.

TITLE: Tobacco Program Operations

OBJECTIVE: Determine the effectiveness of the flue-cured tobacco association in carrying out its price support activities. Determine whether domestic flue-cured and burley tobacco quotas are accurately established. Evaluate whether dealers and warehouses are properly reporting tobacco sales and whether agency reporting requirements are effective. Review the assessment and collection of penalties against tobacco dealers for program violations.

TITLE: Disaster Assistance Act of 1989 - Emergency Crop Loss Assistance

OBJECTIVE: Determine whether established county yields per acre for non-program crops are reasonable and supported. Review the accuracy of and support for county office eligibility determinations and disaster payment calculations.

TITLE: 1990 Livestock Feed Program Operations

OBJECTIVE: Evaluate whether the revised program procedures are being efficiently and effectively implemented. Evaluate control mechanisms used to identify and prevent abuse and excessive benefits.

TITLE: Settlement Actions on Adverse Warehouse Cases - Phase II

OBJECTIVE: Evaluate warehouse controls in additional areas and corrective action taken in response to problems identified in previous audits. Ascertain whether bonding requirements are sufficient to cover losses incurred and warehouse compliance with storage agreement terms.

TITLE: Controls Over ASCS/CCC Claims and Debt Management Activities

OBJECTIVE: Determine whether internal controls over the new automated claims system are adequate to ensure all claims are properly established and resolved in a timely and efficient manner. Ascertain the effectiveness of internal controls within the Central Debt Management Group which handles CCC claims from State and county offices, including the process and authority for approving settlement of claims by and against ASCS/CCC. Determine if compromised settlements are made in the best interest of CCC.

TITLE: USDA Officials' Program Participation

OBJECTIVE: Evaluate the propriety of program benefits received by USDA officials who participated in farm programs administered by ASCS.

Foreign Agricultural Service (FAS)

TITLE: Support for East European Democracy Act of 1989

OBJECTIVE: Determine if USDA is complying with the legislation that requires a minimum of \$125 million of agricultural assistance to Poland and that food aid be coordinated with the European Community. Special attention will be given to reviewing compliance with a December 1989 bilateral agreement aimed at providing administrative and technical assistance to Poland's agriculture.

TITLE: Internal Control Structure within the Foreign Agricultural Service

OBJECTIVE: Determine FAS's adherence to the Federal Managers' Financial Integrity Act and review the agency's internal control systems. The audit will also evaluate the program vulnerabilities. The results of the audit will be used in the Inspector General's written opinion to the Secretary of Agriculture concerning the implementation of the Act's requirements.

TITLE: Foreign Market Promotion Programs

OBJECTIVE: Determine if FAS is properly planning, approving and carrying out programs for foreign promotions for wheat, cotton, potatoes, eggs, wool and beef. The audit will also evaluate the coordination between FAS and all State and producer funded foreign promotion programs.

UNDER SECRETARY
SMALL COMMUNITY AND RURAL DEVELOPMENT

Federal Crop Insurance Corporation (FCIC)

TITLE: Monitor FY 1991 Crop Insurance Program Changes

OBJECTIVE: Review implementation of proposed changes to the FY 1991 crop insurance program to ensure that there are adequate controls to prevent and/or detect errors, fraud, waste, abuse and mismanagement.

TITLE: Survey of Large Claims For 1989 and 1990 Crop Years

OBJECTIVE: Review the adjustment of 1989 and 1990 claims to determine whether conditions disclosed in our audit of 1988 crop year claims continue to exist.

TITLE: Review of Agent/Loss Adjuster Training

OBJECTIVE: Determine whether actions taken in response to prior audit recommendations have improved agent and loss adjuster performance and reduced error rates.

TITLE: Survey For Potential Duplicate Payments Due to Chemical Carryover

OBJECTIVE: Identify the potential for or existence of duplicate reimbursements for crop damage attributable to the carryover of applied chemicals.

Farmers Home Administration (FmHA)

TITLE: FmHA Financial Statements for FY 1991

OBJECTIVE: Determine if (1) FmHA's financial statements are fairly presented in accordance with Generally Accepted Accounting Principles for the Government, (2) internal accounting controls are adequate, and (3) FmHA complies with laws and regulations. The audit work will include reviews of both FY 1990 and 1991 financial statements.

TITLE: FmHA Microcomputer Communication Controls & Security Over Transaction Processing

OBJECTIVE: Determine if (1) security controls are properly established for communications, (2) microcomputer operating systems and access controls are adequate to prevent unauthorized access, and (3) backup and recovery controls have been established for data on the microcomputer. Evaluate the data integrity and security.

TITLE: Potential Environmental Cleanup Costs of FmHA's Lease/Buyback Program

OBJECTIVE: Determine FmHA's potential liability for hazardous waste cleanup of property taken into inventory and determine if there are means to recover these costs.

TITLE: Debt Restructuring Provisions

OBJECTIVE: Monitor the various aspects of FmHA's implementation of the debt restructuring program, as needed. Work will be nationwide in scope and will cover such areas as preservation loan servicing, borrowers who did not respond to FmHA notices, loan liquidations, and foreclosures.

TITLE: Regulatory/Legislative Changes Needed to Strengthen FmHA's Farmer Program Loan Portfolio

OBJECTIVE: Analyze FmHA's loanmaking criteria to include eligibility requirements such as the family farm, the ability to cash flow and the adequacy of the "credit elsewhere" provision. Review the impact of the continuation policy on the loan portfolio. Develop methods to improve the accuracy of data presented by applications on the Farm and Home Plan. Evaluate the adequacy of loan security requirements and propose strengthened controls.

TITLE: Monitoring the Field Office Specialization Project

OBJECTIVE: Review and evaluate FmHA's plans for developing the project. Conduct field testing of the project as it is implemented. Assess costs and benefits of the project and provide for interim notifications of program deficiencies as needed.

TITLE: Rural Rental Housing - Construction Activities

OBJECTIVE: Evaluate FmHA's policies, regulations, and practices over borrowers' use of loan funds for construction. Determine if loan funds are used for only authorized purposes and the borrowers otherwise comply with applicable regulations and loan covenants.

TITLE: Nationwide Assessment of FmHA's Interest Credit Provisions

OBJECTIVE: Review interest credit eligibility, renewal, and cancellations to determine adherence to regulations and timeliness of cancellations. Assess compliance with current provisions and identify ways to improve the program.

TITLE: Evaluation of FmHA's Internal Control and Compliance Review Program

OBJECTIVE: Determine the effectiveness of FmHA's field office review process. This audit will encompass an evaluation of Coordinated Assessment Reviews, State Evaluation Reviews, and Program Review Assistance Reviews.

TITLE: Drought and Disaster Business and Industrial Guaranteed Loan Program

OBJECTIVE: Determine if internal administrative controls were: sufficient to ensure that drought and disaster loans were made only to eligible businesses in correct amounts; processed in accordance with applicable FmHA instructions; and based upon a realistic operating budget that reflected feasible business operations and sound loans.

ASSISTANT SECRETARY
ECONOMICS

National Agricultural Statistics Service (NASS)

TITLE: Review of Average Price Data from Rice, Cooperatives and Selected Other
Commodity Buyers

OBJECTIVE: Assess the accuracy of price data reported to NASS by rice cooperatives and
selected other buyers of rice and other commodities; and determine the impact of incorrect
data on rice deficiency rates and payments.

ASSISTANT SECRETARY
ADMINISTRATION

Office of Finance and Management (OFM)

TITLE: Follow-up on NFC Implementation of Prior Audit Recommendations

OBJECTIVE: Determine whether NFC has taken timely and effective corrective action on prior audit recommendations. Determine whether contractor audit recommendations concerning the Thrift Savings Plan have been applied to overall NFC operations where applicable.

TITLE: Controls Over Adjustments to the General Ledger and Suspense Account Activity

OBJECTIVE: Determine the propriety of accounting adjustments which cross appropriation lines or fiscal years. Determine the adequacy of control, approval and documentation procedures. Determine if suspense accounts are properly used during the reconciliation process.

TITLE: USDA's Administrative Integrated Management System

OBJECTIVES: Monitor the development of the system to ensure that (1) the system is properly justified, (2) Departmental regulations on system development are adhered to, (3) the system is adequately tested, (4) system documentation is complete, and (5) the system will meet user needs.

TITLE: Time-Sharing Option User Capabilities

OBJECTIVE: Determine whether standard time sharing option user IDs have inappropriate access capabilities, or present a vulnerability to the NFC system security.

TITLE: Implementation of Management Decision/Final Action Procedures

OBJECTIVE: Determine whether reasonable procedures and controls have been established which implement an adequate system to track and follow up on audit recommendations, and assure that data reported by the system is accurate.

Office of Information Resources Management (OIRM)

TITLE: Management and Security over OIRM's Local Area Network

OBJECTIVE: Determine if adequate security exists over the local area network. Determine if the network is managed efficiently and effectively. Determine if adequate contingency plans are in place in case of failure.

TITLE: Security and Control of the Combined Systems at the National Computer Center, Kansas City, Missouri

OBJECTIVE: Determine if (1) data and programs are properly protected through access rules, (2) the new operating system will be properly controlled, (3) security interfaces have been established for all subsystems, (4) sensitive utilities and programs are adequately restricted, and (5) controls are adequate during security software recovery.

Office of Operations

TITLE: Title 31 Review of Contracted Advisory and Assistance Services

OBJECTIVE: Determine whether USDA agencies are in compliance with Title 31 U.S.C. which requires an evaluation of progress in establishing management controls over contracts for consulting services.

ASSISTANT SECRETARY
FOOD AND CONSUMER SERVICES

Food and Nutrition Service (FNS)

TITLE: Computer Matching to Detect Recipient Abuse in the Food Stamp Program

OBJECTIVE: Identify Federal and U.S. Postal Service employees participating in the Food Stamp Program who have not reported their wages.

TITLE: Food Stamp Program - Error Rate Reduction

OBJECTIVE: Evaluate FNS oversight and State agency operations for compliance with program requirements to ensure that proper corrective action plans are developed and monitored to reduce the issuance error rate identified through quality control reviews in the Food Stamp Program.

TITLE: State Agency Systems to Distribute Food Coupons to Food Stamp Recipients

OBJECTIVE: Evaluate State agency internal controls relating to the distribution of food coupons to recipients through contracted agents. Test the distribution systems to identify any indications of fraud.

TITLE: Security and Accountability Over Food Stamp Printing

OBJECTIVE: Determine if there is adequate security and accountability over the food coupon printing and distribution process.

TITLE: Employment and Training Program (E&TP) Administration

OBJECTIVE: Determine if procedures, guidelines and instructions provided by FNS are adequate and effective regarding administering and monitoring the E&TP, and the program is targeting eligible recipients.

TITLE: Bank Monitoring System

OBJECTIVE: Continue reviewing the implementation of the new bank monitoring system.

TITLE: Recouping Claims and Imposing Disqualification Penalties

OBJECTIVE: Evaluate internal controls over recouping claims and imposing disqualification penalties. Determine if States are timely processing unworked claims, reducing allotments to recoup delinquent claims, and imposing and reporting disqualification penalties.

TITLE: Retailer Tracking System

OBJECTIVE: Evaluate the implementation and effectiveness of the automated violation prone profile system used to identify food stamp retailer violations. Determine the adequacy of FNS' internal controls over retailers.

TITLE: Eligibility of Retailers to Accept Food Stamps - Nationwide Survey

OBJECTIVE: Determine if a nationwide audit is warranted to ascertain the adequacy of the controls used by FNS to oversee the eligibility and participation of food retailers to accept food stamps.

TITLE: National School Lunch Program Income Verification Process

OBJECTIVE: Identify potential weaknesses with FNS' controls and procedures to ensure State agencies and school districts are in compliance with wage verification requirements.

TITLE: The Federal Review System - National School Lunch Program

OBJECTIVE: Evaluate the effectiveness of FNS in Federal reviews. Determine the effectiveness of the review in getting corrective action to improve National School Lunch Program accountability.

TITLE: Administrative Costs of Child Nutrition Programs

OBJECTIVE: Evaluate the adequacy of FNS controls over administrative costs claimed by State agencies. To determine the propriety of the State agency claims for administrative costs reimbursement.

TITLE: Evaluation of the Effectiveness of Single Audits

OBJECTIVE: Evaluate the use of the single audit by FNS and State program officials as a management tool to monitor local school districts' National School Lunch operations.

ASSISTANT SECRETARY
SCIENCE AND EDUCATION

Agricultural Research Service (ARS)

TITLE: Research Activities

OBJECTIVE: Evaluate the long-range planning system of ARS to determine if funds are directed to high priority research needs and determine what program assessments are made to ensure that plans are carried out.

Cooperative State Research Service (CSRS)

TITLE: Management at Land Grant Institutions

OBJECTIVE: Follow up on prior year's survey of CSRS management and involvement with research efforts at land grant institutions. The audit will review the effectiveness of CSRS' response to previous audit findings and examine new issues disclosed in the survey stage. Audit work will include site reviews at selected 1862 land grant institutions.

TITLE: Small Business Innovation Research Program

OBJECTIVE: Review procedures and controls developed by CSRS for program implementation. Determine if further audit work is needed to ensure that awards comply with intended purposes, meet Federal grants standards, and contribute to the objectives of the USDA research program.

ASSISTANT SECRETARY
NATURAL RESOURCES AND ENVIRONMENT

Forest Service

TITLE: Working Capital Fund

OBJECTIVE: Evaluate the management and operation of the Working Capital Fund to determine if it is in compliance with applicable laws and regulations.

TITLE: Lockbox System for Cash Receipts

OBJECTIVE: Determine if internal controls over collections made through the lockbox system are adequate. Determine how the Forest Service and/or the designated bank ensures that collections are posted to the proper accounts and whether potential for diversion of funds exists. Ensure that the system is meeting its intended purpose and complies with applicable laws and regulations.

TITLE: Mineral Production on National Forest Lands

OBJECTIVE: Determine if mineral production amounts and values are accurately identified and reported. Also, determine if the appropriate monies are collected for sales of minerals and if the revenues are properly accounted for and paid as required. The review will include locatable and leasable minerals, and reserved and outstanding rights.

TITLE: Survey of Financial Security Controls for Timber Sales

OBJECTIVE: Identify, and perform a preliminary evaluation of, the systems established to assess the risk of future defaults during periods of high bid values. Determine the need for additional financial security measures to reduce the Government's exposure to monetary losses. In addition, determine if corrective actions have been taken in response to our prior audits regarding financial ability reviews and contract defaults.

TITLE: Cruising and Skewed Bidding on Timber Sales

OBJECTIVE: The audit will include the current timber management operations in Regions 5 and 6 to identify and evaluate key internal controls over cruising and skewed bidding for the purpose of assessing the need for expanded audit coverage. Determine if the Regions are investigating sales where the differences between the volume of timber cut versus the original cruise volume is significant.

TITLE: Recreation Management

OBJECTIVE: Determine if the Forest Service is charging fees commensurate with fair market value in accordance with the law for its recreational activities. Emphasis will be on large ski resort areas.

TITLE: Timber Theft Followup and Prevention Activities

OBJECTIVE: Conduct a followup survey on the implementation of Region 6's timber theft plan. Determine if controls and procedures for timber theft prevention have been implemented and are effective as planned.

Soil Conservation Service (SCS)

TITLE: Conservation Compliance

OBJECTIVE: Determine the effectiveness of the quality review and reporting process and whether proper methods were developed and utilized to ensure all highly erodible land was identified and revisions to conservation plans were properly controlled.

ASSISTANT SECRETARY
MARKETING AND INSPECTION SERVICES

Agricultural Marketing Service (AMS)

TITLE: Management of Voluntary Inspection and Grading Programs

OBJECTIVE: Evaluate the propriety and support for inspection and grading fees. Also assess internal controls over billing and collection activities in the Fruit and Vegetables Division.

TITLE: Management of the Shipping Point Inspection Program, Fruits and Vegetables Division

OBJECTIVE: Determine if AMS has adequate controls to monitor the costs, billings, and reimbursements under the Shipping Point Inspection Program.

TITLE: Poultry Grading Activities

OBJECTIVE: Evaluate controls to ensure compliance and consistency in poultry and shell egg grading, including supervision, timeliness, reporting, followup on deficiencies, and training in grading services.

Animal and Plant Health Inspection Service (APHIS)

TITLE: United States-Mexico Screwworm Eradication Program

OBJECTIVE: Followup to prior audit work to determine the effectiveness of the Screwworm Eradication Program, including financial and administrative aspects of the program.

TITLE: Survey of Controls Over Claims Submitted for Eradication Projects

OBJECTIVE: Assess the controls over claims submitted by state agencies for plant disease and pest control activities.

TITLE: Implementation of the Animal Welfare Act

OBJECTIVE: Survey whether controls have been established which comply with standards established in the Animal Welfare Act of 1985 for the care and handling of certain animals used for purposes of research, experimentation, exhibition, or sale as pets.

TITLE: National Poultry Improvement Plan

OBJECTIVE: Determine the effectiveness of the National Poultry Improvement Plan in improving poultry breeding stock and hatchery products and preventing certain poultry diseases.

Federal Grain Inspection Service (FGIS)

TITLE: Billings and Collections

OBJECTIVE: Determine if internal controls are adequate to ensure proper billing and collection for FGIS grain inspection and weighing services.

TITLE: Delegated/Designated Inspection Activities

OBJECTIVE: Assess the adequacy of FGIS' oversight of the 8 delegated State and 77 designated State and private agencies which inspect and weigh grain according to FGIS standards.

Food Safety and Inspection Service (FSIS)

TITLE: Procedures for Handling Problem Meat and Poultry Plants

OBJECTIVE: Perform a survey to evaluate controls for handling plants that FSIS has determined are not complying with program requirements, such as in the areas of sanitation or product formulation.

TITLE: Monitoring and Control of Drug Residues

OBJECTIVE: Evaluate policies and procedures for detecting and preventing harmful drug residues in meat and poultry products.

TITLE: Development of the Performance-Based Inspection System

OBJECTIVE: Continue monitoring the development of the system to ensure that (1) the system is properly justified, (2) Departmental regulations on system development are adhered to, (3) the system is adequately tested, (4) system documentation is complete, and (5) the system will meet user needs.

TITLE: Accreditation of Commercial Laboratories

OBJECTIVE: Assess FSIS oversight and commercial laboratory compliance with program requirements, including product sample selection, analysis and followup.

MULTIPLE AGENCY AUDITS

TITLE: Monitoring the 1990 Farm Bill

OBJECTIVE: Monitor agency's implementation of the 1990 Farm Bill when enacted. Determine whether adequate controls are developed during the implementation phase. Recommend corrective action before the Bill's provisions become fully operational.

TITLE: Use of Cooperative Agreements

OBJECTIVE: Review the use of cooperative agreements by ARS, CSRS, and the Extension Service and evaluate the effectiveness of procedures used to monitor research and other activities performed under these agreements.

TITLE: Reconciliation of Receivables from Foreign Debts

OBJECTIVE: Evaluate accounting controls over CCC receivables arising from (1) claims resulting from defaults on guaranteed CCC loans (GSM 102/103), and (2) payments due on PL-480 loans and other direct loans. Reconcile and verify payments made by foreign countries to CCC accounting records.

TITLE: Foreign Market Development Activities Using Section 32 Funds

OBJECTIVE: Follow up on the market development aspects of the FY 1990 Section 32 study being done by the Economic Research Service. The audit is to determine if funds are properly used for market development activities and if additional market development opportunities can be funded.

TITLE: Planning, Obligating, and Reporting on the Department's Hazardous Waste Program

OBJECTIVE: Identify common problems among USDA agencies in their ability to comply with pollution abatement laws. Evaluate the effectiveness of the Department's performance in setting priorities, coordinating resources, and ensuring appropriate and timely action.

TITLE: Hazardous Waste Cleanup Costs Incurred Under Selected Interagency Agreements

OBJECTIVE: Evaluate the contractual agreements between USDA and the Environmental Protection Agency for environmental cleanup at USDA sites and assess alternative sources and actions that might be available to the agencies.

TITLE: Resource Conservation and Recovery Act Compliance at USDA Laboratories

OBJECTIVE: Assess the actions taken by individual agencies to implement Federal and State guidelines and standards for storage and disposal of dangerous substances and waste.

TITLE: Agency Implementation of Programs to Enhance Water Quality

OBJECTIVE: Monitor the implementation of the USDA Water Quality Initiative to determine if these efforts are adequately coordinated within the Department and with State programs to be effective and to avoid duplication and waste.

TITLE: Swine Identification Program

OBJECTIVE: Determine the adequacy of the system requiring the identification of all swine marketed in interstate commerce. The system established a nationwide identification and trace-back system that was to have made it easier to trace the source of diseased animals or those with drug or chemical residues.

TITLE: Close Out of the Letters of Credit System in USDA

OBJECTIVE: Determine if USDA agencies properly close out the Letters of Credit payment system and adopt new payment mechanisms that efficiently and effectively process the transfer of funds to recipient agencies.

TITLE: Debt Management and Collection Initiatives

OBJECTIVE: Evaluate ASCS and FCIC's compliance with debt management and collection initiatives mandated by the Treasury Financial Manual, OMB Circular A-129, and the Debt Collection Act of 1982. Assess agency implementation of debt management and collection initiatives, and the accuracy of financial reports to oversight agencies. Identify barriers to implementation of debt management initiatives.

TITLE: Management and Security Over Microcomputers

OBJECTIVE: Determine if the controls and security over microcomputers are adequate. Determine if microcomputer purchases are properly justified. Evaluate how microcomputers are used by the agencies.

TITLE: Quality of Audits Performed By Non-Federal Auditors

OBJECTIVE: Determine whether the quality of audits of financial assistance performed by Certified Public Accountants has improved based on revised auditing standards and additional controls implemented by program agencies.

TITLE: Debarment and Suspension and Drug-Free Workplace

OBJECTIVE: Evaluate the internal controls over debarment and suspension systems and drug-free workplace requirements in place at agencies within the Department. This review will determine whether agencies' systems meet the requirements of 7 CFR 3017 and the Federal Acquisition Regulations and the effectiveness of the process to prevent fraud, waste and abuse in the Department's programs and operations.

TITLE: Security and Control of Sensitive USDA Systems

OBJECTIVE: Evaluate the security controls implemented over sensitive USDA systems. Determine whether agencies have performed a certification of the adequacy of security safeguards on these systems.

TITLE: Evaluation of Commodity Procurement Practices and Related Processed Commodity Inventory Management System Controls

OBJECTIVE: Determine the reasonableness of product standards and whether the standards are followed when procuring processed commodities. This audit will also determine the effectiveness of internal controls within the new processed commodity inventory management system. This system is an accounting and reporting system designed to maintain records of acquisitions and dispositions for processed commodities.

TITLE: FMFIA Evaluation of USDA Activities

OBJECTIVE: Measure USDA compliance with the Federal Managers' Financial Integrity Act requirements.

TITLE: Evaluation of Department's Use of Surplus Reserve Funds

OBJECTIVE: Determine (1) justification and support for emergency surplus commodity removal expenditures, (2) if the appropriate amount of funds are set aside by the Department, and (3) if funds are properly allocated between domestic and export programs.

APPENDIX III

FISCAL YEAR 1991 AUDITS PLANNED

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
AMS	MANAGEMENT OF THE SHIPPING POINT INSPECTION PROGRAM, FRUITS & VEGETABLES DIV.	SER		200
	POULTRY GRADING ACTIVITIES	SER		100
	MANAGEMENT OF VOLUNTARY INSPECTION AND GRADING PROGRAMS	SER	MWR NER WR	475
	IDENTIFICATION OF END USERS OF IMPORTED TOBACCO	SER		100
	INSPECTION AND GRADING ACTIVITIES- FRUITS & VEGETABLES	MWR		50
	DAIRY PROMOTION AND RESEARCH PROGRAMS	MWR		100
	RETAILER MONITORING	MWR		100
	IMPLEMENTATION OF AUDIT RECOMMENDATIONS RELATED TO MARKET DEVELOPMENT	NER		50
	CONTROLS OVER COMPLIANCE OF HANDLERS WITH MARKETING ORDERS - NATIONWIDE SURVEY	WR		150
	AUDIT MANAGEMENT AND LIAISON	ALL		300
	SUBTOTAL			1625
APHIS	NATIONAL POULTRY IMPROVEMENT PLAN	SER		100
	SWINE HEALTH PROTECTION	SER		100
	IMPLEMENTATION OF THE ANIMAL WELFARE ACT	MWR		150
	ADMINISTRATIVE SERVICES AND PROCUREMENT ACTIVITIES	MWR		100
	STRATEGIC MONITORING OF APHIS INTEGRATED SYSTEMS ACQUISITION PROJECT (ISAP)	FMS		50
	IMPORT INSPECTION CONTROLS EXOTIC BIRDS	NER		50
	PSEUDORABIES ADMINISTRATIVE COST AUDIT	NER		10
	YEAREND SPENDING FISCAL YEAR 1990	NER		100
	MEXICO SCREWORM ERADICATION PROGRAM	NER	MWR	350
	PROGRAM ACCOUNTING AND REPORTING	NER		100
	CONTROLS OVER CLAIMS SUBMITTED FOR ERADICATION PROJECTS - SURVEY	WR		150
	AUDIT MANAGEMENT AND LIAISON	ALL		285
	SUBTOTAL			1545
ARS	ANIMAL PARASITE RESEARCH UNIT, AUBURN, AL	SER		30
	PLUM ISLAND ANIMAL RESEARCH CENTER A-76 REVIEW	NER		50
	RESEARCH ACTIVITIES	SWR		60
	AUDIT MANAGEMENT AND LIAISON	ALL		30
	SUBTOTAL			170

FISCAL YEAR 1991 AUDITS PLANNED

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
ASCS	FORESTRY INCENTIVES PROGRAM	SER		30
	MARKETING LOAN BENEFITS RECEIVED BY COTTON AND RICE MARKETING COOPERATIVES	SER		150
	ASSESSMENT AND COLLECTION OF PENALTIES AGAINST TOBACCO DEALERS	SER		150
	FLUE-CURED TOBACCO ASSOCIATION, RALEIGH, NC	SER		50
	ESTABLISHMENT OF FLUE-CURED AND BURLEY TOBACCO QUOTAS	SER		80
	STATEWIDE AUDIT OF COUNTY OFFICES	SER		110
	ELIGIBILITY DETERMINATIONS FOR LOAN DEFICIENCY PAYMENTS	SER		30
	PROCESSED COMMODITY INSPECTIONS	SER		10
	DISASTER ASSISTANCE ACT OF 1989 - EMERGENCY CROP LOSS ASSISTANCE	MWR	SER NER GPR SWR	700
	COUNTY OFFICE COORDINATED AUDIT	MWR		50
	BUTTER INVENTORIES	MWR		50
	STRATEGIC MONITORING OF PROCESSED COMMODITY INVENTORY SYSTEM	FMS		100
	GRAIN CATALOGING PROCEDURES	FMS		75
	MISCELLANEOUS INCOME AND EXPENSE ACCOUNTS	FMS		100
	STORAGE HANDLING PAYMENTS TO WAREHOUSES	FMS		150
	CCC FINANCIAL STATEMENTS - FY91	FMS	SER MWR NER GPR SWR	1800
	WAREHOUSE PROBLEMS PHASE II	FMS	MWR GPR	225
	SURVEY OF WAREHOUSE EXAMINATION, LICENSING, AND CONTRACT DIVISION	FMS		30
	CONTROLS OVER ASCS/CCC CLAIMS AND DEBT MANAGEMENT ACTIVITIES	FMS	GPR	375
	QUALITY OF GRAIN CCC PRICE SUPPORT PROGRAMS	FMS		75
	OVERDELIVERIES OF COMMODITY LOANS AND PURCHASE AGREEMENTS	FMS		50
	CONSERVATION RESERVE PROGRAM CONTRACT AND REPORTING SYSTEMS	FMS		75
	INTERNAL CONTROLS IN THE FORM G COTTON LOAN SYSTEM	FMS		100
	COLLECTION PROCEDURES FOR CCC INVENTORY GRAIN SOLD TO WAREHOUSES	FMS		75
	SECURITY AND CONTROLS OVER ASCS DISTRIBUTED PROCESSING	FMS		40
	STRATEGIC MONITORING OF ASCS NEW SYSTEM DEVELOPMENT PROJECTS	FMS		200

FISCAL YEAR 1991 AUDITS PLANNED

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
ASCS	APPLICATION OF THE DECENTRALIZED AUTOMATED PRICE SUPPORT SYSTEM AND RELATED OPERATIONS	FMS		100
	INTERNAL CONTROLS - ASCS/CCC	NER		150
	CONSERVATION RESERVE PROGRAM PAYMENT TO ALTERNATE PAYEES	GPR	FMS	115
	IMPLEMENTATION OF SODBUSTER REQUIREMENTS	GPR	MWR SWR	300
	SURVEY OF COLORADO RIVER SALINITY CONTROL PROGRAM	GPR		75
	MANAGEMENT OF COUNTY OFFICE OPERATIONS	GPR		400
	1990 LIVESTOCK FEED PROGRAM OPERATIONS	GPR	WR SWR	200
	USDA OFFICIALS' PROGRAM PARTICIPATION	GPR	SER MWR WR SWR	450
	PAYMENT LIMITATION IN OSBORNE COUNTY, KS	GPR		35
	CRP PAYMENT LIMITATION FOR FINANCIAL INSTITUTION - FOLLOWUP	GPR		30
	SURVEY OF DAIRY TERMINATION PROGRAM COMPLIANCE SPOTCHECKS	GPR	FMS	55
	IMPLEMENTATION OF SWAMPBUSTER PROVISIONS	GPR	MWR SWR	160
	REVISED RECONCILIATION PROCESS	GPR	MWR WR SWR	340
	DUPLICATE BENEFITS ON CRP LAND	GPR		100
	LOANS TO RICE COOPERATIVES	SWR		50
	CONTROL OF PAYMENTS ON FOREIGN OWNED FARMS	SWR		100
	PAYMENT LIMITATION FOR 1989	SWR	SER MWR GPR WR	620
	ENFORCEMENT OF CONSERVATION LAW	SWR		50
	CONTROL OF LAND LEASING BY LARGE LAND OWNERS	SWR		100
	LARGE DOLLAR PAYMENTS	SWR		300
	AUDIT MANAGEMENT AND LIAISON	ALL		1951
	SUBTOTAL			10561
CSRS	MANAGEMENT AT LAND GRANT INSTITUTIONS	SER		300
	SMALL BUSINESS INNOVATION RESEARCH PROGRAM	GPR		20
	AUDIT MANAGEMENT AND LIAISON	ALL		73
	SUBTOTAL			393
FAS	FOREIGN MARKET PROMOTION PROGRAMS	MWR		75
	COMPLIANCE WITH INTERNATIONAL TRADE AGREEMENTS	MWR		100
	RECONCILIATION OF CCC CERTIFICATES	NER		150
	FORGIVENESS OF LOANS UNDER P.L. 480	NER		150
	TITLE III			
	INTERNAL CONTROL/STRUCTURE - FAS	NER		200
	EVALUATION OF FAS FOREIGN RISK ANALYSIS	NER		150
	GENERAL SALES MANAGER 102/103 PROGRAMS	NER		150
	EXPORT ENHANCEMENT PROGRAM	NER		150

FISCAL YEAR 1991 AUDITS PLANNED

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
FAS	EXPORT SALES REPORTING	NER		30
	COMPLIANCE REVIEW STAFF	NER		45
	GENERAL SALES MANAGERS PROGRAM PRICING REVIEW	NER		100
	SUPPORT FOR EAST EUROPEAN DEMOCRACY (SEED) ACT OF 1989	NER		50
	IMPLEMENTATION OF AUDIT RECOMMENDATIONS RELATED TO MARKET DEVELOPMENT	NER		50
	AUDIT MANAGEMENT AND LIAISON	ALL		318
	SUBTOTAL	1718		
FCIC	INDEMNITY PAYMENTS ON TOMATO AND PEPPER LOSSES - CROP YEAR 1989-90	SER		125
	ADMINISTRATIVE EXPENSE REDUCTION UNDER THE DISASTER ASSISTANCE ACTS OF 1988 AND 1989	FMS		10
	EVALUATION OF INTERNAL CONTROLS	NER		35
	ADMINISTRATIVE/MANAGEMENT REGIONAL OFFICE, FCIC	NER		100
	SURVEY OF LARGE CLAIMS FOR 1989 AND 1990 CROP YEARS	GPR	SER MWR WR SWR	470
	FOLLOWUP ON ADEQUACY OF AGENT/LOSS ADJUSTER TRAINING	GPR		100
	SURVEY OF DUPLICATE BENEFITS DUE TO CHEMICAL CARRYOVER	GPR		25
	MONITORING FISCAL YEAR 1991 FEDERAL CROP INSURANCE PROGRAM REVISIONS	SWR	GPR	75
	COMPLIANCE DIVISIONS OPERATIONS	SWR		30
	CROP YEAR 1990 WHEAT CLAIMS IN SOUTHWEST	SWR		300
	AUDIT MANAGEMENT AND LIAISON	ALL		288
	SUBTOTAL	1558		
FGIS	DELEGATED/DESIGNATED INSPECTION ACTIVITIES	SWR		50
	BILLINGS AND COLLECTIONS	SWR		75
	AUDIT MANAGEMENT AND LIAISON	ALL		28
	SUBTOTAL	153		
FMHA	POTENTIAL COST OF LEASE/BUYBACK PROGRAM	SER		100
	DROUGHT AND DISASTER BUSINESS AND INDUSTRIAL GUARANTEED LOAN PROGRAM	SER		85
	CONTRACTING FOR PROGRAM SERVICING	SER		150
	LIQUIDATIONS OF FARMER PROGRAM GUARANTEED LOANS	SER	MWR GPR SWR	900
	LIQUIDATION OF B&I LOAN, CAIRO, GA	SER		10
	ADMINISTRATIVE APPEALS	SER		50
	COMPLIANCE WITH THE NINE POINT GUARANTEED LOAN STANDARDS	SER		20

FISCAL YEAR 1991 AUDITS PLANNED

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
FMHA	EVALUATION OF INTERNAL CONTROL AND COMPLIANCE REVIEW PROGRAM	SER		20
	REGULATORY/LEGISLATIVE CHANGES NEEDED TO STRENGTHEN FMHA'S FP LOAN PORTFOLIO	SER		200
	B&I LOAN LIQUIDATION PROCESS	SER		75
	B&I LOAN LIQUIDATION REQUESTS	SER		150
	INITIATIVES TO LITIGATE BACKLOGGED DEBT	SER		125
	SECTION 515 PREPAYMENTS	SER		100
	INTEREST RATE BUYDOWN PAYMENTS	SER		50
	FARM CREDIT SYSTEM DEMONSTRATION PROJECT	SER		50
	RURAL RENTAL HOUSING - CONSTRUCTION ACTIVITIES	MWR	SER NER WR SWR	1100
	RURAL RENTAL HOUSING PROGRAM - PROJECT OPERATIONS	MWR		100
	RURAL RENTAL HOUSING LOANS FOR CONGREGATE CARE PROJECTS	MWR		100
	COMMUNITY PROGRAM ACTIVITIES	MWR		100
	BUSINESS AND INDUSTRIAL PROGRAM ACTIVITIES	MWR	FMS	110
	CONTROLS OVER HEALTH HAZARDS IN RRH	MWR		100
	RURAL HOUSING DEMONSTRATION PROJECTS	MWR		100
	INTEGRITY OF FMHA NON-CASH CREDIT PROCESSING	FMS		100
	SECURITY REVIEW OF FMHA'S AUTOMATED PRODUCTION CONTROL SYSTEM CA-7	FMS		100
	MICROCOMPUTER COMMUNICATIONS	FMS	SER MWR WR SWR	800
	CONTROLS & SECURITY/TRANSACTION PROCESSING			
	INTERNAL CONTROL OVER LOAN PORTFOLIO BALANCING	FMS		75
	FINANCE OFFICE FOLLOW-UP AUDIT	FMS		250
	INVESTOR SUBSYSTEM	FMS		75
	FINANCIAL STATEMENTS - FY90	FMS	ALL REGIONS	3200
	CONTROLS OVER FMHA ACQUIRED PROPERTY	FMS		75
	FOLLOWUP OF FIELD CONFIRMATIONS OF FY90 FINANCIAL STATEMENTS	FMS		200
	NATIONWIDE ASSESSMENT OF FMHA'S INTEREST CREDIT PROVISIONS	FMS	SER MWR NER WR SWR	925
	ACCOUNTABILITY OF SERVICING AGENTS FOR RH LOANS	FMS		25
	ACCOUNTABILITY OF THE PROTECTIVE ADVANCE FUND BY THE MASTER SERVICER	FMS		75
	FINANCIAL STATEMENT AUDIT - FY91	FMS	ALL REGIONS	2125
	CONTROLS OVER UNCLOSSED LOAN DISBURSEMENTS	FMS	ALL REGIONS	200
	CONTROLS OVER DISCREPANCY PROCESSING	FMS		100
	ESCROWING OF RURAL HOUSING ACCOUNTS	FMS		100
	SURVEY - FMHA FY90 PROBLEMS	FMS		75
	ADMINISTRATION AND MANAGEMENT OF STATE OPERATIONS - WV	NER		60

FISCAL YEAR 1991 AUDITS PLANNED

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
FMHA	NY FMHA STATE AND COUNTY OFFICES	NER		10
	COMMERCIAL TWP, NJ HOUSING PRESERVATION GRANT	NER		30
	SURVEY OF RRH PROJECTS	GPR		5
	GUARANTEED BUSINESS AND INDUSTRIAL LOAN - REPORT ON FINAL LOSS	GPR		5
	SURVEY OF INDIAN LAND ACQUISITION PROGRAM	GPR		100
	IMPLEMENTATION OF FINANCING FOR ALTERNATIVE AGRICULTURAL ENTERPRISES	GPR		50
	SERVICING OF BORROWERS IN NONMONETARY DEFAULT	GPR		100
	SERVICING OF RRH PROJECTS GENERATING EXCESSIVE CASH	GPR	SER MWR NER	580
	DISCONTINUED AND UNFUNDED FMHA LOAN AUTHORITIES	GPR		75
	DEBT WRITE-OFF	GPR		100
	DEBT RESTRUCTURING PROVISIONS	WR	SER MWR GPR SWR	1000
	RH SINGLE FAMILY HOUSING PACKAGER-SURVEY	WR		100
	IMPLEMENTATION OF PRIMARY LOAN SERVICE PROGRAMS	WR		675
	DEBT RESTRUCTURING-PROBLEM BORROWERS	WR	SER MWR GPR SWR	1200
	B&I LOAN SERVICING	WR		20
	FINANCIAL AUDIT OF A BUSINESS AND INDUSTRIAL LOAN BORROWER	WR		100
	NONPROFIT NATIONAL CORPORATION LOANS AND GRANTS	SWR		30
	IMPLEMENTATION OF FARMER PROGRAM GUARANTEED LOANS	SWR		125
	ACQUIRED FARM PROPERTIES	SWR	SER MWR NER GPR WR	625
	RURAL HOUSING ACQUIRED PROPERTY	SWR		150
	COMMUNITY PROGRAM UNLIQUIDATED OBLIGATIONS	SWR		50
	FIELD OFFICE SPECIALIZATION PROJECT	SWR		150
	DEBT RESTRUCTURE OF FP GUARANTEED LOANS	SWR		25
	SUBORDINATION OF LIENS	SWR		40
	BORROWER REPAYMENTS ON DEFAULTED LOANS	SWR		50
	GUARANTEED RURAL HOUSING LOANS	SWR		50
	ACCRUED INTEREST ON LOAN REPURCHASES	SWR		100
	GUARANTEED COMMUNITY PROGRAM LOANS	SWR		75
	FARM OWNERSHIP LOANS FOR THE SOCIALLY DISADVANTAGED	SWR		50
	GUARANTEED LOAN LOSS CLAIMS	SWR		100
	AUDIT MANAGEMENT AND LIAISON	ALL		4106
	SUBTOTAL	22231		

FISCAL YEAR 1991 AUDITS PLANNED

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
FNS	FSP RECOUPING CLAIMS AND IMPOSING DISQUALIFICATION PENALTIES	SER		30
	DADE COUNTY FOOD STAMP PROGRAM	SER		30
	NON-FEDERAL ADP SYSTEMS	SER		300
	WIC ADMINISTRATIVE COST	SER		30
	WIC - INFANT FORMULA PRICING AND REBATES	SER		50
	FOOD STAMP PROGRAM - ERROR RATE REDUCTION	SER		170
	FOOD STAMP PROGRAM - ADMINISTRATIVE COSTS	SER		150
	BACKSPEND AUTHORITY FOR FY 1991-SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS AND CHILDREN	MWR		75
	STATE AGENCY SYSTEMS TO DISTRIBUTE FOOD COUPONS TO FOOD STAMP RECIPIENTS	MWR	SER NER GPR WR SWR	1150
	FOOD STAMP PROGRAM STATE COORDINATED AUDIT	MWR		250
	COMPUTER MATCHING TO DETECT RECIPIENT ABUSE IN THE FOOD STAMP PROGRAM	MWR		400
	PROCESSING OF DONATED FOODS BY SCHWAN'S SALES ENTERPRISES, INC.	MWR		100
	RETAILER TRACKING SYSTEM - FOOD STAMP PROGRAM	MWR	SER NER GPR WR SWR	750
	VENDOR MONITORING - SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS & CHILDREN	MWR		100
	FOOD STAMP PROGRAM - FOOD COUPON ACCOUNTABILITY	MWR	NER	300
	INCOME VERIFICATION PROCESS-NSLP	MWR		100
	REDESIGN PROJECT OF AUTOMATED DATA PROCESSING SYSTEM - SUPPLEMENTAL FOOD PROGRAM FOR WIC	MWR		200
	CHILD NUTRITION PROGRAMS - IN STUDIES AND SURVEYS	MWR		100
	SECURITY OVER ADMINISTRATIVE PAYMENTS SYSTEM AND COMPUTER HARDWARE	FMS		5
	STRATEGIC MONITORING OF THE FNS INTEGRATED FINANCIAL MANAGEMENT SYSTEM (IFMIS)	FMS		75
	EFFECTIVENESS OF SANCTION PROCESS	NER		75
	SECURITY AND ACCOUNTABILITY OVER FOOD STAMP PRINTING	NER		90
	ADMINISTRATION/MANAGEMENT WIC PROGRAM	NER		550
	FOLLOW-UP ON NEW NSLP REGULATIONS	NER		50
	NEW YORK CITY FOOD STAMP PROGRAM - ADMINISTRATIVE COST	NER		200
	NEW YORK CITY FOOD STAMP PROGRAM - CASEFILE DOCUMENTATION	NER		200
	NEW YORK CITY FOOD STAMP - CLAIMS MANAGEMENT	NER		200
	BANK MONITORING SYSTEM REDESIGN (FOLLOWUP)	NER		275
	REVIEW OF NUTRITION ASSISTANCE PROGRAM ADMINISTRATIVE COSTS	NER		175
	VIRGIN ISLAND NSLP	NER		200

FISCAL YEAR 1991 AUDITS PLANNED

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
FNS	THE FEDERAL REVIEW SYSTEM-NSLP (SURVEY)	NER		100
	EMPLOYMENT AND TRAINING PROGRAM ADMINISTRATION.	NER	SER MWR WR	750
	PUERTO RICO NATIONAL SCHOOL LUNCH PROGRAM	NER		40
	PHILADELPHIA NATIONAL SCHOOL LUNCH PROGRAM	NER		20
	SURVEY - NEW YORK CITY FOOD STAMP PROGRAM	NER		80
	THE FOOD STAMP PROGRAM WASHINGTON D. C.	NER		50
	FOOD DISTRIBUTION MANAGEMENT AND CONTROLS	NER		220
	CONTRACTS WITH CPA/IPA FIRMS	NER		200
	MA FOOD STAMP PROGRAM - SURVEY	NER		120
	FOOD STAMP COMPLIANCE OFFICES - FNS	NER		150
	PROGRAM DEVELOPMENT DIVISION, EFFECTIVENESS/ USE OF PILOT PROJECT RESULT- SURVEY	NER		100
	PRICE STRUCTURE - MILK SERVICE TO SCHOOL DISTRICTS	NER		75
	CROSS STATE MATCHING OF FOOD STAMP PROGRAM PARTICIPATION	GPR		75
	EVALUATION OF THE EFFECTIVENESS OF SINGLE AUDITS	GPR		100
	STATE AGENCY ADMINISTRATION OF CACFP	GPR		100
	SCHOOL LUNCH PROGRAM AT KANSAS CITY, MO SCHOOL DISTRICT	GPR		60
	FSP - ELIGIBILITY OF RETAILERS TO ACCEPT FOOD STAMPS - NATIONWIDE SURVEY	WR		150
	WIC ADMINISTRATIVE COSTS - WESTERN REGION	WR		100
	SUMMER FOOD SERVICE PROGRAM PRIVATE NONPROFIT SPONSORS	SWR	SER MWR NER GPR WR	80
	EFFECTIVENESS OF TX FSP USE OF INS SYSTEMATIC ALIEN VERIFICATION FOR ENTITLEMENTS SYSTEM	SWR		50
	SUMMER FOOD SERVICE PROGRAM PRIVATE NONPROFIT SPONSORS	SWR		25
	ADMINISTRATIVE COSTS OF CHILD NUTRITION PROGRAMS	SWR		150
	ADMINISTRATION OF THE FSP IN AR	SWR		100
	WIC ADMINISTRATIVE COSTS IN NM	SWR		50
	NSLP OPERATIONS IN TX	SWR		100
	AUDIT MANAGEMENT AND LIAISON	ALL		2160
	SUBTOTAL			11685

FISCAL YEAR 1991 AUDITS PLANNED

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
FS	LOCKBOX SYSTEM FOR CASH RECEIPTS	SER		25
	SALVAGE SALE FUND - COLLECTIONS AND EXPENDITURES	SER		40
	CONTROLS OVER TIMBER MEASUREMENT, REGION 8	SER		20
	UTILIZATION OF EXCESS TIMBER RECEIPTS	SER		120
	COST AND OPERATION OF ASH NURSERY	SER		100
	CG DECISIONS REGARDING SELECTED FS YEAREND PROCUREMENT	SER		150
	ADP SECURITY CONTROLS	SER		40
	ACCOUNTING STAFF	MWR		100
	WORKING CAPITAL FUND	FMS		200
	ALL RESOURCES ACCOUNTING SYSTEM	FMS		100
	FOREST PLANNING IMPLEMENTATION	FMS		100
	MANAGEMENT OF STATE & PRIVATE FORESTRY GRANT & AGREEMENTS	NER		100
	SURVEY OF RANGE LANDS AND NATIONAL GRASSLANDS	GPR		5
	MINERAL PRODUCTION ON NATIONAL FOREST LANDS	GPR	WR SWR	400
	LOG EXPORTS	WR		100
	THREATENED & ENDANGERED SPECIES HABITAT MANAGEMENT	WR		100
	SURVEY OF TRAILS MAINTENANCE AND CONSTRUCTION	WR		100
	SURVEY OF FINANCIAL SECURITY CONTROLS FOR TIMBER SALES	WR		100
	FIREFIGHTING INVENTORY AND PROPERTY CONTROL	WR		10
	SURVEY OF RECREATION MANAGEMENT	WR		100
	SURVEY OF STUMPAGE RATE ADJUSTMENTS ON TIMBER SALES	WR		75
	FOLLOWUP ON REGION 6'S TIMBER THEFT PREVEN- TION PLAN	WR		70
	TIMBER SALE DEPOSITS, PAYMENTS, AND PAYMENT GUARANTEES SURVEY	WR		80
	SURVEY OF TIMBER MANAGEMENT ANTITRUST CONTROLS	WR		10
	SURVEY OF CRUISING AND SKEWED BIDDING ON TIMBER SALES	WR		25
	SURVEY OF FOREST ROAD CONSTRUCTION AND MAINTENANCE	WR		35
	NATIONAL FOREST OPERATIONS EVALUATION	SWR		200
	AMERICA THE BEAUTIFUL PROGRAM	SWR		75
	AUDIT MANAGEMENT AND LIAISON	ALL		585
	SUBTOTAL	3165		

FISCAL YEAR 1991 AUDITS PLANNED

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
FSIS	DEV. OF PERFORMANCE-BASED INSPECTION SYSTEM AND THE CENTRAL QUERY SYSTEM	SER		100
	MONITORING OF DRUG RESIDUES	SER	GPR SWR	480
	ACCREDITATION OF COMMERCIAL LABORATORIES	SER		50
	APPROVAL OF PROVISIONAL AND FINAL INDIRECT COST RATES	SER		100
	POULTRY INSPECTION ACTIVITIES	MWR		100
	INTERNAL CONTROL	NER		150
	SURVEY OF STATE MEAT AND POULTRY INSPECTION PROGRAMS	GPR		150
	MPIO PROBLEM PLANT PROCEDURES	WR		100
	AUDIT MANAGEMENT AND LIAISON	ALL		279
	SUBTOTAL	1509		
MULT	AUDITS OF CONTRACTS	ALL		780
	MANAGEMENT OF SINGLE AUDIT	ALL		960
	CONTRACTS WITH CPA/IPA FIRMS	ALL		190
	AUDIT FOLLOWUP	ALL		1350
	SPECIAL REQUESTS	ALL		3470
	TOBACCO SALES REPORTING BY DEALERS AND WAREHOUSES	SER		150
	DEBARMENT AND SUSPENSION AND DRUG- FREE WORKPLACE ACTIVITIES	SER	HQ	175
	CLEANUP COSTS INCURRED UNDER SELECTED INTERAGENCY AGREEMENTS	SER		200
	PLANNING, OBLIGATION, AND REPORTING ON THE DEPARTMENT'S HAZARDOUS WASTE PROGRAM	SER	MWR NER GPR WR SWR	440
	SWINE ID PROGRAM	SER	GPR SWR	250
	COMPLIANCE WITH THE ADMINISTRATIVE PROCEDURES ACT	SER		100
	RCRA COMPLIANCE AT USDA LABORATORIES	SER		150
	ADJUSTED WORLD PRICES - COTTON AND RICE	SER		40
	EXTERNAL QUALITY CONTROL REVIEW OF DOD	SER	MWR WR SWR	200
	DEBT MANAGEMENT AND COLLECTION INITIATIVES	SER		150
	DEVELOPMENT OF NATIONWIDE PESTICIDE USAGE DATA	SER		100
	DEPARTMENTAL TOBACCO ISSUES	SER		50
	EMPLOYEE INTEGRITY	SER		75
	QUALITY OF AUDITS PERFORMED BY CERTIFIED PUBLIC ACCOUNTANTS OF USDA FINANCIAL ASSISTANCE	MWR	SER NER GPR WR SWR	1400
	PROGRAM RECIPIENTS CONVICTED OF CONTROLLED SUBSTANCE VIOLATIONS	MWR		100
	STATE AGENCY SYSTEMS TO ENSURE THE QUALITY OF SUBRECIPIENT AUDITS	MWR		100
	MANAGEMENT AND SECURITY OVER MICRO- COMPUTERS AT NCC AND RESEARCH AGENCIES	FMS	SER	250

FISCAL YEAR 1991 AUDITS PLANNED

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
MULTI	NCC-FC FINANCING AND CHARGING ACTIVITIES AND FS TSA SYST. CONVERSION TO IBM AND ORACLE	FMS		125
	SECURITY AND CONTROL OF SENSITIVE USDA SYSTEMS	FMS		150
	COLLECTIONS AND DEPOSIT CONTROLS - PCIE	FMS		25
	USDA FINANCIAL STATEMENTS - DEPARTMENTWIDE	FMS		100
	CLOSEOUT OF LETTERS OF CREDIT SYSTEMS	FMS		125
	EVALUATION OF COMMODITY PROCUREMENT PRACTICES AND RELATED PCIMS CONTROLS	FMS		225
	FY91 AUDIT ASSISTANCE	FMS		400
	CAPTAIN MAINTENANCE	FMS		300
	MERGED APPROPRIATION ACCOUNTS AND FUND RESTORATIONS TO EXPIRED APPROPRIATIONS	FMS		150
	SECURITY AND MANAGEMENT OF THE ASCS/FAS JOINT COMPUTER FACILITY	FMS		150
	MANAGEMENT AND CONTROL OF USDA DIRECT ACCESS DISK STORAGE	FMS		100
	FY 91 FINANCIAL STATEMENTS	HQ	FMS	350
	FMFIA EVALUATION OF USDA ACTIVITIES - FISCAL YEAR 1990.	NER		100
	FOREIGN DEBT MANAGEMENT	NER		30
	OCEAN FREIGHT P.L. 480 TITLE I	NER		100
	WORKING CAPITAL FUND	NER		100
	USE OF COOPERATIVE AGREEMENTS	NER		225
	PERSONNEL SECURITY CLEARANCES - PCIE	NER		100
	RECONCILIATION OF RECEIVABLES ARISING FROM FOREIGN DEBTS	NER		180
	PROGRAM INTEGRITY OF AGRICULTURAL RESEARCH AND TECHNOLOGY	NER		100
	AGRICULTURAL BIOTECHNOLOGY RESEARCH	NER		200
	FOREIGN MARKET DEVELOPMENT ACTIVITIES USING SECTION 32 FUNDS; FAS, ERS & AMS AGENCIES	NER		75
	MARKET DEVELOPMENT ACTIVITIES IN ERS, CSRS, OT AND ACS	NER		100
	EVALUATION OF DEPARTMENT'S USE OF SURPLUS RESERVE FUNDS	NER		200
	MONITORING THE 1990 FARM BILL	GPR	ALL REGIONS	400
	WATER QUALITY ENHANCEMENT	GPR		100
	SURVEY OF CONTRACTING OFFICERS RESPONSIBILITIES	GPR		100
	MULTIPLE AGENCY FACILITIES MANAGEMENT	SWR		75
	AUDIT MANAGEMENT AND LIAISON	ALL		3413
	SUBTOTAL			18478

FISCAL YEAR 1991 AUDITS PLANNED

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
NASS	REVIEW OF AVERAGE PRICE DATA FROM RICE COOPERATIVES, AND SELECTED OTHER COMMODITY BUYERS	SER		280
	MANAGEMENT AND SECURITY OVER NASS SENSITIVE DATA AND LOCAL AREA NETWORK	FMS		100
	NATIONAL AVERAGE MARKET PRICE SAMPLING METHODOLOGY AND ACCURACY OF DATA	SWR		75
	AUDIT MANAGEMENT AND LIAISON	ALL		103
	SUBTOTAL	558		
OFM	CONTROLS OVER ADJUSTMENTS TO THE GENERAL LEDGER AND SUSPENSE ACCOUNT ACTIVITY	FMS		50
	SURVEY OF CRITICAL/SENSITIVE NFC SUBSYSTEMS	FMS		50
	MONITORING OF NFC SINGLE SERVICE CENTER REVIEW	FMS		100
	TSO USER ACCESS CAPABILITIES AT NFC	FMS		150
	NFC'S USE OF FEDLINE II FOR ELECTRONIC FUND TRANSFERS	FMS		50
	USDA'S ADMINISTRATIVE INTEGRATED MANAGEMENT SYSTEM (AIMS) - OFM PHASE I	FMS	SER WR SWR	275
	BILLINGS AND COLLECTIONS SYSTEM (BLCO)	FMS		100
	FOLLOWUP ON NFC IMPLEMENTATION OF PRIOR AUDIT RECOMMENDATIONS	FMS	ALL REGIONS	750
	EFFICIENCY OF USDA TRAVEL SYSTEM CONTROLS AND PAYMENT OPERATIONS	FMS		100
	ASSESSMENT OF THE ADMINISTRATIVE PAYMENT SUBSYSTEMS	FMS	ALL REGIONS	450
	SAMPLING OF NFC DISBURSEMENTS	FMS		100
	SECURITY OF PRODUCTION DATA AND PRODUCTION SOURCE LIBRARIES AT THE NFC	FMS		100
	IMPLEMENTATION OF MANAGEMENT DECISIONS/ FINAL ACTION PROCEDURES	NER		100
	AUDIT MANAGEMENT AND LIAISON	ALL		538
	SUBTOTAL	2913		
OGC	OGC – CASELOAD MANAGEMENT	NER		50
	AUDIT MANAGEMENT AND LIAISON	ALL		11
	SUBTOTAL	61		
OICD	ACCOUNTING AND ADMINISTRATIVE CONTROLS OICD - (FOLLOWUP)	NER		100
	AUDIT MANAGEMENT AND LIAISON	ALL		22
	SUBTOTAL	122		

FISCAL YEAR 1991 AUDITS PLANNED

AGENCY	TITLE	LEAD REGION	ASSIST REGIONS	STAFF DAYS
OIRM	SECURITY AND CONTROL OF THE NCC-KC	FMS		200
	MANAGEMENT AND SECURITY OVER OIRM'S	FMS		75
	LOCAL AREA NETWORKS			
	USDA'S COMPUTERIZED INFORMATION DELIVERY	FMS		50
	SYSTEM			
	AUDIT MANAGEMENT AND LIAISON	ALL		74
	SUBTOTAL	399		
OO	AGENCY USE OF 8(A) CONTRACTORS IN THE USDA	FMS		150
	REVIEW OF CONTRACTED ADVISORY AND	NER		100
	ASSISTANCE SERVICES, TITLE 31			
	CENTRALIZED EQUIPMT. & PROPERTY OPERATIONS	NER		50
	(CEPO) ADMIN., CONTROLS & ASSET/RESOURCE			
	MGMT.			
	CONTROLS AND ACCOUNTABILITY OVER OFFICE	NER		120
	SUPPLIES			
	AUDIT MANAGEMENT AND LIAISON	ALL		95
	SUBTOTAL	515		
PSA	PROTECTION FOR PURCHASERS OF FARM	SER		100
	PRODUCTS			
	AUDIT MANAGEMENT AND LIAISON	ALL		23
	SUBTOTAL	123		
REA	STRATEGIC MONITORING OF REA'S LOAN	FMS		150
	ACCOUNTING SYSTEM REDESIGN			
	REVIEW OF FINANCIAL NEED CRITERIA	SWR	SER MWR GPR WR	275
	AUDIT MANAGEMENT AND LIAISON	ALL		96
	SUBTOTAL	521		
SCS	RURAL ABANDONED MINE PROGRAM	SER		200
	WATERSHED PLANNING AND OPERATIONS	NER		100
	CONSERVATION COMPLIANCE	GPR	MWR SWR	350
	AUDIT MANAGEMENT AND LIAISON	ALL		147
	SUBTOTAL	797		
OTHER	U.S. POSTAL AND SECRET SERVICE FOOD STAMP	NER		25
	ACCOUNTABILITY			
	SUBTOTAL	25		
GRAND TOTAL STAFF DAYS	80800			

